FLUIDRA

FLUIDRA, S.A.
AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

31 December 2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Financial Statements

31 December 2019 and 2018

(Expressed in thousands of euros)

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Statement of Financial Position
31 December 2019 and 31 December 2018
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Assets	Notes	31.12.2019	31.12.2018
			(Audited)
Property, plant, and equipment	6	119,976	116,222
Investment property		3,166	3,220
Goodwill	7	1,103,856	1,093,689
Other intangible assets	6	736,185	787,325
Right-of-use assets	6	112,659	-
Investments accounted for using the equity method		-	28
Non-current financial assets	8	7,376	6,709
Other receivables		1,831	2,383
Deferred tax assets		85,588	85,020
Total non-current assets		2,170,637	2,094,596
Non-current assets held for sale	10	-	43,869
Inventories		259,471	253,330
Trade and other receivables		314,745	312,070
Other current financial assets	8	9,713	4,922
Derivative financial instruments	9	291	356
Cash and cash equivalents		242,240	170,061
Total current assets		826,460	784,608
TOTAL ASSETS		2,997,097	2,879,204
Equity			
Share capital		195,629	195,629
Share premium		1,148,591	1,148,591
Retained earnings and other reserves		113,208	107,259
Treasury shares		(14,000)	(13,690)
Other comprehensive income		(3,814)	(5,282)
Equity attributable to equity holders of the parent	11	1,439,614	1,432,507
Non-controlling interests		5,878	8,214
Total equity		1,445,492	1,440,721
Liabilities			
Bank borrowings and other marketable securities	14	857,035	856,454
Lease liabilities		98,587	-
Derivative financial instruments	9	14,951	7,870
Deferred tax liabilities		181,154	199,266
Provisions	13	11,406	18,786
Government grants		302	352
Other non-current liabilities		22,326	26,469
Total non-current liabilities		1,185,761	1,109,197
Liabilities linked to non-current assets held for sale	10	-	5,818
Bank borrowings and other marketable securities	14	21,862	51,593
Lease liabilities		23,173	
Trade and other payables		291,564	247,736
Provisions	13	28,437	24,111
Derivative financial instruments	9	808	28
Total current liabilities		365,844	329,286
TOTAL EQUITY AND LIABILITIES		2,997,097	2,879,204

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month periods ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Income Statement
for the twelve-month periods ended 31 December 2019 and 31 December 2018
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Notes	31.12.2019	31.12.2018 (Audited)
Operating income			
Sales of goods and finished products	17	1,367,550	1,029,641
Income from the rendering of services	18	24,928	18,184
Work performed by the Group and capitalised as non-current assets		14,157	7,854
Total operating income		1,406,635	1,055,679
Operating expenses			
Change in inventories of finished products and work in progress and raw material supplies	16	(666,022)	(538,250)
Personnel expenses	19	(277,872)	(222,952)
Amortization and depreciation expenses and impairment losses		(129,762)	(66,727)
Other operating expenses	20	(256,089)	(229,585)
Total operating expenses		(1,329,745)	(1,057,514)
Other gains and losses			
Profit/(loss) from sales of fixed assets		(1,364)	406
Total other gains and losses		(1,364)	406
Operating profit		75,526	(1,429)
Finance income / cost			
Finance income		2,803	1,951
Finance cost		(53,792)	(28,111)
Right-of-use finance cost		(4,929)	-
Exchange gains/(losses)		485	(1,436)
Net finance income/(cost)	21	(55,433)	(27,596)
Share of profit/(loss) for the year of entities accounted for using the equity method .		-	64
Profit/(loss) before tax from continuing operations		20,093	(28,961)
Income tax expense	22	(5,982)	(3,856)
Profit/(loss) after tax from continuing operations		14,111	(32,817)
Profit/(loss) after tax from discontinued operations	10	(114)	895
Consolidated profit/(loss) after tax		13,997	(31,922)
Profit/(loss) attributable to non-controlling interests		5,675	2,000
Profit/(loss) attributable to equity holders of the parent		8,322	(33,922)
From continuing operations		8,436	(34,817)
From discontinued operations		(.114.)	895
EBITDA	25	205,288	65,362
Basic and diluted earnings/(loss) per share from continuing operations (euros)	12	0.04342	(0.22859)
Basic and diluted earnings/(loss) per share (euros)	12	0.04283	(0.22271)

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month periods ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Statement of Comprehensive Income
for the twelve-month periods ended 31 December 2019 and 31 December 2018
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	31.12.2019	31.12.2018
Profit / (loss) for the year	13,997	(31,922)
Other comprehensive income:		
Items that will not subsequently be reclassified to profit or loss		
Recalculation of the measurement of defined benefit plans	-	-
Tax effect	-	-
Items that will be reclassified to profit or loss		
Cash flow hedges	(7,029)	(6,790)
Actuarial gains and losses	(160)	11
Exchange differences on translation of foreign operations	6,932	971
Tax effect	1,524	1,567
Other comprehensive income for the year, net of tax	1,267	(4,241)
Total comprehensive income for the year	15,264	(36,163)
Total comprehensive income attributable to:		
Equity holders of the parent	9,790	(38,137)
From continuing operations	9,017	(38,060)
From discontinued operations	773	(77)
Non-controlling interests	5,474	1,974
	15,264	(36,163)

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month period ended 31 December 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Statement of Changes in Equity
for the twelve-month period ended 31 December 2019
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Equity attributable to equity holders of the parent									
						Other comprehensive income				Total
	Capital	Share premium	Legal reserve	Accumulated gains	Treasury shares	Currency translation differences	Other	Total	Non-controlling interests	equity Net
Balance at 1 January 2019	195,629	1,148,591	40,140	67,119	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721
Total comprehensive income for the year	-	-	-	8,322	-	7,135	(5,667)	9,790	5,474	15,264
Inclusion of entities	-	-	-	-	-	-	-	-	4	4
Disposal of entities									(2,366)	(2,366)
Change in ownership interest	-	-	-	1,936	-	-	-	1,936	(1,072)	864
Treasury shares	-	-	-	(8,623)	(310)	-	-	(8,933)	-	(8,933)
Equity-based payments	-	-	-	4,314	-	-	-	4,314	-	4,314
Dividends	-	-	-	-	-	-	-	-	(4,376)	(4,376)
Balance at 31 December 2019	195,629	1,148,591	40,140	73,068	(14,000)	8,006	(11,820)	1,439,614	5,878	1,445,492

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month period ended 31 December 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Statement of Changes in Equity
for the twelve-month period ended 31 December 2018
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Equity attributable to equity holders of the parent									
						Other comprehensive income				Total
	Capital	Share premium	Legal reserve	Accumulated gains	Treasury shares	Currency translation differences	Other	Total	Non-controlling interests	equity Net
Balance at 1 January 2018	112,629	92,831	15,642	120,503	(6,888)	(125)	(942)	333,650	10,034	343,684
Total comprehensive income for the year	-	-	-	(33,922)	-	996	(5,211)	(38,137)	1,974	(36,163)
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Share capital increase	83,000	1,055,760	-	(137)	-	-	-	1,138,623	575	1,139,198
Change in ownership interest	-	-	-	(822)	-	-	-	(822)	(724)	(1,546)
Treasury shares	-	-	-	1,430	(6,802)	-	-	(5,372)	-	(5,372)
Equity-based payments	-	-	-	4,576	-	-	-	4,576	-	4,576
Other	-	-	24,498	(24,509)	-	-	-	(11)	4	(7)
Dividends	-	-	-	-	-	-	-	-	(3,649)	(3,649)
Balance at 31 December 2018	195,629	1,148,591	40,140	67,119	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721

Fluidra, S.A. and Subsidiaries

Condensed Consolidated Interim Cash Flow Statement
for the twelve-month periods ended 31 December 2019 and 2018
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Note	2019	2018
Cash flows from (used in) operating activities			
Profit for the year berfore tax		19,979	(27,977)
Adjustments for :			
Depreciation and amortisation	6	125,958	61,002
Impairment of receivables	20	4,224	3,336
Provision for/(reversal of) impairment losses on assets	6	3,804	9,198
Provision for/(reversal of) impairment losses on financial assets	21	355	(66)
Provision for/(reversal of) losses on risks and expenses		1,845	2,880
Provision for/(reversal of) losses on inventories	16	5,721	28
Income from financial assets	21	(1,481)	(330)
Financial expense	21	51,886	25,700
(Income)/expenses from currency translation differences		(485)	691
Share in profit/(loss) for the year from associates accounted for using the equity method		-	(64)
(Profit)/loss from the sale of property, plant and equipment and other intangible assets		(336)	56
(Profit)/loss from the sale of subsidiaries	5	1,700	-
Government grants recognised in profit and loss		(100)	(149)
Adjustments to consideration paid against gains/losses on business combinations	21	4,313	1,315
Share-based payment expenses	23	12,166	4,576
(Profit)/loss from derivative financial instruments at fair value through profit or loss		810	(466)
Operating profit before changes in working capital		230,359	79,730
Changes in working capital, excluding effects of acquisitions and currency translation differences			
Increase/(decrease) in trade and other receivables		(35,851)	(28,992)
Increase/(decrease) in inventories		(14,250)	22,683
Increase/(decrease) in trade and other payables		26,577	(6,954)
Utilization of provisions		(879)	(1,192)
Cash from operating activities		205,956	65,275
Interest paid		(48,186)	(23,372)
Interest received		1,544	330
Corporate income tax paid		(3,771)	(10,860)
Net cash from operating activities (*)		155,543	31,373
Cash flows from (used in) investing activities			
From the sale of property, plant and equipment		2,891	2,824
From the sale of other intangible assets		338	66
From the sale of financial assets		2,497	1,703
Dividends received		28	36
From the sale of subsidiaries, net of cash utilised	5	29,176	-
Collections from sale of subsidiaries in prior years		-	124
Acquisition of property, plant and equipment		(26,737)	(26,561)
Acquisition of intangible assets		(20,301)	(12,176)
Acquisition of other financial assets		(7,104)	(6,865)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	5	-	34,558
Payments for acquisitions of subsidiaries in prior years		(7,344)	(9,494)
Net cash used in investing activities (*)		(26,556)	(15,785)
Cash flows from (used in) financing activities			
From capital issues		-	(138)
Payments for repurchase of treasury shares		(10,177)	(7,677)
Proceeds from the sale of treasury shares		1,246	2,302
Proceeds from grants		50	2
Proceeds from bank financing		5,598	879,377
Proceeds from bank borrowings and finance leases		(46,185)	(768,663)
Payments for lease liabilities		(15,601)	-
Dividends paid		(4,376)	(3,649)
Net cash from financing activities (*)		(69,445)	101,554
Net increase/(decrease) in cash and cash equivalents		59,542	117,142
Cash and cash equivalents at 1 January		181,233	64,756
Effect of currency translation differences on cash flows		1,465	(665)
Cash and cash equivalents at 31 December		242,240	181,233

(*) Includes the cash flows arising from continuing and discontinued operations (Note 10).

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month period ended 31 December 2019 prepared in accordance with IFRS as adopted by the European Union.

1. Nature, principal activities and companies comprising the Group

Fluidra, S.A. (hereinafter the Company) was incorporated as a limited liability company for an indefinite period in Girona on 3 October 2002 under the name Aquaria de Inv. Corp., S.L., and changed to its current name on 17 September 2007.

The Company's corporate purpose and activity consists of the holding and use of equity shares, securities and other stock, and advising, managing and administering the companies in which the Company holds an ownership interest.

The Company is domiciled at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Group's activity consists of the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed in Appendix I also. Group companies have been consolidated using their interim financial statements prepared/approved for issue by the corresponding managing bodies or Boards of Directors.

Share capital is represented by 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed and paid up.

On 31 October 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of Euro 1 each. These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

On 2 July 2018, and within the framework of the merger agreement between the Fluidra Group and the Zodiac Group, Fluidra, S.A. increased its share capital for a nominal amount of Euros 83,000,000 by issuing and circulating 83,000,000 ordinary shares of Euros 1 par value each, which were fully subscribed by Piscine Luxembourg Holdings 2 S.à.r.l. (penultimate shareholder of the Luxembourg company Zodiac Pool Solutions S.à.r.l., which is the parent of the Zodiac Group) without entitlement, as per article 304.2 of the Spanish Corporations Act, to any preferential subscription rights. The difference between the fair value of the equity received by Fluidra, S.A. by virtue of the merger and the par value was allocated to the share premium.

2. Basis of presentation

These interim condensed consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group. These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, specifically IAS 34 "Interim Financial Reporting", as adopted by the European Union (IFRS-EU) pursuant to article 12 of Royal Decree 1362/2007. These financial statements do not include all disclosures required for annual financial statements, and shall be read together with the consolidated financial statements for the years ended 31 December 2018 and 2017 prepared in accordance with IFRS-EU.

a) Basis of presentation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments at fair value through profit or loss.

b) Comparative information

For comparative purposes, the interim condensed consolidated financial statements include the consolidated figures for the twelve-month period ended 31 December 2019 in addition to those for the same period of the prior year for each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the notes thereto, which have been obtained by consistently applying IFRS-EU as required by the standards. All headings in the consolidated income statement for this year have been affected by the merger with the Zodiac Group, which took effect for accounting purposes on 2 July 2018. The figures in the consolidated income statement are not therefore comparable. If the acquisition had occurred on 1 January 2018, the Group's sales of goods and finished products would have increased by Euros 286,014 thousand and consolidated profit after tax would have increased by Euros 54,841 thousand.

In addition, the impact of applying IFRS 16 (see note 2 d), note 6, note 20 and note 21) must also be taken into account for the purposes of comparing the 2019 income statement with the 2018 income statement.

All significant mandatory accounting principles have been applied.

The 2018 consolidated annual accounts were approved for issue by the shareholders in general meeting on 8 May 2019.

c) Significant accounting estimates and key assumptions and judgements when applying accounting policies

In the preparation of interim condensed consolidated financial statements in accordance with IFRS-EU IAS 34 “Interim Financial Reporting”, Group Management is required to make judgements, estimates and assumptions affecting the adoption of the standards and the amounts of assets, liabilities, income and expenses. The estimates and assumptions adopted are based on historical experience and various other factors understood to be reasonable under the existing circumstances.

In the Group's interim condensed consolidated financial statements for the twelve-month periods ended 31 December 2019 and 2018, estimates were occasionally made by management of the Group and of the consolidated companies in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates basically refer to:

- The useful life and fair value of the customer portfolio and other intangible assets.
- The assumptions used in determining the fair value/value in use of the Cash Generating Units (CGUs) or group of CGUs for the purposes of evaluating potential impairment of goodwill and other assets (see note 7).
- Assessment of technical and commercial feasibility of development projects in progress.
- Estimate of the expected credit losses from receivables and obsolete inventory.
- The fair value of financial instruments and of certain unquoted financial assets.
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Grupo Zodiac, I.D. Electroquímica, S.L, Fluidra Waterlinx Pty, Ltd, SIBO Fluidra Netherlands B.V., Agrisilos, S.R.L., Riiot Labs NV/SA and Grand Effects. Liabilities for contingent considerations correspond to level 3 fair value hierarchy in accordance with IFRS 13.
- The fair value of the commitment to the Company’s management team related to the acquisition of an ownership interest in the Company’s share capital.
- Estimates and judgements related to the provisions for litigation.

- Assessment of the recoverability of tax credits, including prior years' tax losses and rights to deduction. Deferred tax assets are recognised to the extent that future tax profit is available against which temporary differences can be charged, based on the management's assumptions about the amount of and payment schedules for future tax profit. Additionally, in the case of deferred tax assets related to investments in Group companies, their capitalisation takes into account whether they will be reversed in the foreseeable future.

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2019 and 2018, events may occur in the future which require these estimates to be adjusted (upwards or downwards) in the coming years or periods. Any effect of the adjustments made in future years shall be recognised prospectively.

Additionally, the main judgements made by the Company's management in identifying and selecting the criteria applied in the measurement and classification of the main items presented in the interim condensed consolidated financial statements are as follows:

- Reasons supporting the transfer of risks and rewards in leases and in the recognition of disposals of financial assets and liabilities,
- Reasons supporting the classification of assets as investment property,
- Assessment criteria for impairment of financial assets,
- Judgements made to calculate the lease terms of agreements that can be renewed and,
- Reasons supporting the capitalisation of development projects.

d) Changes in IFRS-EU standards in 2019

The accounting standards used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2018, except for the new standards and any amendments that are applicable as of 1 January 2019, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2019.
  - IFRS 16 Leases
  - IFRIC 23 Uncertainty over income tax treatments
  - Annual improvements to IFRS (2015-2017)
  - Amendments to IAS 19 Accounting for a defined benefit plan amendment, curtailment or settlement
  - Amendments to IAS 28 Non-current investments in associates and joint ventures
  - Amendments to IFRS 9 Prepayment features with negative compensation

Apart from IFRS 16, the remaining standards, interpretations and amendments have not had a significant impact on the interim condensed consolidated financial statements.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard specifies the criteria for recognising, measuring, presenting and disclosing leases and requires lessees to use a single accounting model for all leases. The standard however does not substantially change lessor accounting compared to IAS 17. IFRS 16 has not therefore had a significant impact on the leases in which the Group is the lessor.

(Expressed in thousands of euros)

The Group has applied IFRS from the initial adoption date of 1 January 2019 using the modified retroactive method. Under this method, the cumulative effect of the initial application has been recorded as an adjustment to the opening balance. The comparative figures for the prior year have not been restated.

For transition purposes, at the date of initial application the Group has decided to use the practical solution of applying IFRS 16 only to leases that have already been identified as such in accordance with previous standards (IAS 17 and IFRIC 4). The Group has also decided to apply the exemptions proposed by the standard to lease contracts ending within the 12 months following the date of initial application ("short-term leases") and to lease contracts for which the underlying asset is of low value ("low value assets").

The impact of adopting IFRS 16 is as follows:

	Amount (thousands of euros)
Right-of-use assets	109,097
Property, plant, and equipment	(8,857)
NON-CURRENT ASSETS	100,240
Equity attributable to parent company	-
Non-controlling interests	-
EQUITY	-
Non-current lease liabilities	82,458
Bank borrowings and other marketable securities - non-current	(159)
NON-CURRENT LIABILITIES	82,299
Current lease liabilities	19,312
Bank borrowings and other marketable securities - current	(1,371)
CURRENT LIABILITIES	17,941

Property, plant and equipment, amounting to Euros 8,857 thousand, relating to leases previously classified as finance leases are included as part of the right-of-use. In addition to the lease liabilities recognised in the initial application at 1 January 2019, the Group had lease liabilities amounting to Euros 1,530 thousand relating to the lease contract liabilities previously classified as finance leases and included under Bank borrowings and other marketable securities.

Nature of the impact of IFRS 16

The Group acts as lessee of several plants, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, at the start of these contracts the Group assessed whether they were operating or finance leases. The lease was classified as a finance lease if substantially all the risks and rewards incidental to ownership of the asset were transferred. If this wasn't the case, it was classified as an operating lease.

Under finance leases, a fixed asset was recognised at the lower of the fair value of the asset and the present value of the minimum payments under the contract. The financial liability was subsequently recognised at amortised cost.

Under operating leases, no asset was recognised in the balance sheet but an expense was recognised in the income statement on a straight-line basis over the lease term. Any prepayments or accrued income were recorded as a current accrual or an account payable, respectively.

In contrast, with the adoption of IFRS 16, the Group applies a single recognition and measurement model for all leases in which it acts as lessee, except for low value assets and short-term leases.

The standard provides certain practical solutions and transition requirements that the Group have applied:

- Leases previously classified as finance leases

The Group has not changed the carrying amount of the assets and liabilities recognised at the date of initial application of the leases previously classified as finance leases. In other words, rights of use and lease liabilities are the same as the assets and lease liabilities recognised under IAS 17. The requirements of IRFS 16 for this kind of lease have therefore been applied from 1 January 2019 onwards.

- Leases previously classified as operating leases

The Group has recognised the rights of use and lease liabilities of leases previously classified as operating, except for short-term leases and leases relating to low value assets.

Lease liabilities have been calculated at the present value of outstanding payments using the incremental interest rate on the date of initial application. Right-of-use has been calculated at the same amount as the lease liabilities, adjusting the prepayments made.

The Group has also applied the following available practical solutions:

- The same discount rate is applied to a portfolio of contacts with similar characteristics.
- The onerous contract assessment in IAS 37 is used instead of performing an impairment review on the initial date of application.
- Leases ending within twelve months or less following the date of initial application are considered to be short-term leases.
- Current information is used.
- Incremental direct costs are not used to measure the right-of´-use.

In terms of presentation, rights of use and lease liabilities have been presented separately from other assets and liabilities in the consolidated statement of financial position.

(Expressed in thousands of euros)

The reconciliation of lease liabilities recognised in the transition to IFRS 16 on 1 January 2019 with the operating lease commitments detailed in the annual accounts at 31 December 2018 is as follows:

	Amount (thousands of euros)
Operating lease commitments at 31 December 2018 detailed in the 2018 Annual Accounts	135,097
Effect of discount using the relevant interest rate	(32,663)
Short-term and low value leases	(3,181)
Adjustments resulting from different treatment of extension and termination and other options	987
Lease liabilities recognised at 1 January 2019	**100,240**

IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 Uncertainty over income tax treatments clarifies how to apply the recognition and measurement requirements under IAS 12 Income tax when there is uncertainty over income tax treatments. Under these circumstances, an entity will reflect the effect of the uncertainty when determining taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.

The Group has analysed possible uncertain tax treatments and the application of this interpretation has not had a significant impact on the consolidated annual accounts, except for classification purposes (see notes 13 and 22).

- Standards and interpretations issued by the IASB but not applicable in 2019

  The Group adopts the standards, interpretations and amendments to the standards issued by the IASB when they come into force, if applicable.

3. Relevant accounting principles applied

The accounting policies used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2018, except for the new standards and any amendments as stated in note 2(d).

The Group's new accounting policies following the adoption of IFRS 16 relating to leases are as follows:

- Right-of-use

The Group recognises the right-of-use at the start of a lease. That is, the date on which the underlying asset is available for use. Right-of-use is measured at cost, less accumulated amortisation and impairment losses, and is adjusted for any changes in the measurement of the associated lease liabilities. The initial cost of the right-of-use includes the recognised lease liabilities, initial direct costs and lease payments made before the start of the lease. Incentives received are deducted from the initial cost. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the right-of-use is amortised on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use is subject to impairment analysis.

- Lease liabilities

At the start of the lease, the Group recognises the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less lease incentives, variable payments depending on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain of exercising this option and lease termination penalty payments if the term of the lease reflects the Group's exercising of the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment arises.

When calculating the present value of lease payments, the Group uses the incremental interest rate at the lease start date if the interest rate implicit in the lease cannot be easily determined. After the start date, the lease liability amount is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the lease liability is re-measured if an amendment is made, the lease term is changed, the in-substance fixed lease payments are changed or the assessment for purchasing the underlying asset is changed. The liability also increases if there is a change in future lease payments arising from a change in the index or rate used to calculate these payments

- Short-term and low value leases

The Group applies the practical exemption for recognising the short-term leases of its machinery and equipment where the lease term is twelve months or less from the start date and where there is no purchase option. It also applies the low-value asset recognition exemption to office equipment leases that are considered low-value. Lease payments under short-term and low-value leases are recognised on a straight-line basis over the term of the lease.

- Judgements made to calculate the lease terms of contracts with renewal options.

The Group calculates the lease term as the non-cancellable period, plus the optional extension periods, if there is reasonable certainty that this option will be exercised. Periods covered by the option to terminate the lease early are also included, if there is reasonable certainty that this option will not be exercised.

4. Segment information

As a result of the merger with the Zodiac Group, the Group's structure and segments were altered in 2018.

The Fluidra Group's new organisational structure following the merger is organized into three divisions, two of them covering a geographical approach, which manage the Group's sales and distribution activity, and the third one, which comprises the manufacture and logistics chain for the whole Group. A manager is assigned to each division and they report directly to the Management Advisory Committee, maintaining regular contact to deal with operations, operating results and financial profit/(loss), forecasts and plans for each segment. The Management Advisory Committee monitors financial information based on the following division structure.

The Sales Divisions are ESA and North America.

The ESA segment (Europe, Southern Hemisphere & Asia) relates to Europe, Africa, Asia, Australia and South America, including mature markets showing more modest growth and a larger market share where the strategy is to improve profitability through operating leverage driven by the merger with the Zodiac Group and also other emerging markets with higher growth expectations and a greater focus on public pools and the construction of new pools.

The North America segment relates to markets in the USA and Canada and the focus is on increasing market share in the largest global pool market, taking advantage of growth in the smart pool market, customer loyalty and a wider range of products.

Lastly, the Operations division, which is mainly located in Spain, France, China and Mexico, focuses on increasing cost efficiency through the rationalization of production plant structure, improving quality, demand planning and the optimization of industrial assets.

This organizational structure affects the identification of the cash generating units (CGUs) of the Group (note 7) and the segment information.

In addition to the three segments mentioned above, the holding, real estate and/or services companies (where there are no operational or sales activities and which do not generate significant revenue to third parties) are included in the Shared Services caption. This breakdown is provided for the purposes of reconciling the segment information in the total consolidated figures in the financial statements, as it does not constitute an operating segment under IFRS 8.

The inter-segment selling prices are established based on standard terms and conditions available to unrelated third parties.

The difference between the sum of the items of the different business segments and the total thereof in the consolidated income statement corresponds to the “Shared services” caption and to the intra-segment consolidation adjustments, basically the sales between the Operations division and the Sales divisions, and their corresponding margin adjustment in inventories, as well as other adjustments derived from the business combinations and consolidation.

(Expressed in thousands of euros)

The Management Advisory Committee uses EBITDA (see note 25) to measure the segment results. Amortization and depreciation and impairment losses are linked to the assets directly allocated to the segment activity, excluding the impact of allocating the acquisition price of business combinations and investment portfolio provisions. Net financial profit/(loss) and income tax expense are not allocated by segment, as these activities are dealt with by the Group's central departments.

Furthermore, in 2019 and 2018 discontinued operations have not been allocated to any segment, since the operations have not been managed by the Management of the respective segment.

Intangible assets, deferred taxes, goodwill and financial assets and liabilities are not allocated by segment, as they are dealt with at Group level. Each segment manages non-current property, plant and equipment and working capital (NWC), as defined in Appendix II.

A breakdown of the Group's segment information for 2019 and 2018 is shown in Appendix II to these interim condensed consolidated financial statements.

5. Business combinations and sales of Group companies

A breakdown of the transactions resulting in the most significant additions during the twelve-month period ended 31 December 2019 and 2018 is as follows:

2019

There have been no business combinations in the twelve-month period ended 31 December 2019.

In compliance with the commitments undertaken by the Fluidra Group with the European Commission relating to the compatibility of the merger between the Fluidra Group and the Zodiac Group with the domestic market, on 31 January 2019 Aquatron Robotic Technology, Ltd, a subsidiary wholly owned by Fluidra, was transferred for Euros 41,384 thousand (this amount includes the non-operating cash surplus at the date of sale, as well as deferred collections).

Since the Group already had a binding agreement in 2018 to sell these clearly identified assets and liabilities, the sales process was underway and the sale was deemed very likely to go ahead and be completed in 2018, the accounting balances of these assets and liabilities were transferred to the caption Non-current assets held for sale and Liabilities relating to non-current assets held for sale, in accordance with IFRS 5 Non-current assets held for sale and discontinued operations (see note 10).

Furthermore, following Fluidra's strategy to divest its non-essential activities in order to focus on the Group's core business, on 2 December 2019 the company Puralia Systems, S.L.U. was sold for an amount of Euros 3,695 thousand.

Details of the sale of the abovementioned companies are as follows:

	Thousands of euros
Amount received in cash	40,733
Deferred collections	4,346
Total	45,079
Total net assets sold	46,779
Loss on the Sale	(1,700)

(Expressed in thousands of euros)

The amounts that have been derecognised in the consolidated statement of financial position at the date of disposal of the assets, liabilities and contingent liabilities of the businesses sold, by significant class, are as follows:

	Thousands of euros
Property, plant and equipment and Right-of-use assets	3,292
Goodwill	15,194
Other intangible assets	1,550
Non-current financial assets	23
Deferred tax assets	453
Inventories	9,494
Trade and other receivables	10,109
Other current financial assets	3,000
Derivative financial instruments	85
Cash and cash equivalents	11,557
Total assets	54,757
Lease liabilities	29
Deferred tax liabilities	218
Non-current provisions	84
Government grants	151
Trade and other payables	5,232
Current provisions	2,264
Total liabilities and contingent liabilities	7,978
Total net assets	46,779
Total net assets sold	46,779
Amount received in cash	40,733
Cash and cash equivalents sold	11,557
Net cash from the sale	29,176

In the twelve-month period ended 31 December 2019, cash has been disbursed in connection with the acquisitions of subsidiaries in prior years and non-controlling interests for an amount of Euros 7,344 thousand (Euros 9,494 thousand during the same period ended 31 December 2018).

2018

On 2 July 2018, the Fluidra Group and the Zodiac Group combined their businesses by means of a cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) with the termination by dissolution without liquidation of the absorbed company and transfer en bloc of all its equity to the absorbing company, which acquires, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the joint merger project (see note 11).

For accounting purposes, this merger was treated like a direct acquisition, wherein Fluidra, S.A. was considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. were measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations).

Due to qualified majorities in the shareholder agreements, as well as the balance of the Board of Directors, neither of the two parties -the main shareholder, Rhône Capital L.L.C., nor the majority shareholders of Fluidra prior to the merger (Boyser, S.R.L., Dispur, S.L., Piumoc Inversions, S.L.U., and Edrem, S.L.)- had de facto control of the merged entity.

Due to this, and since IFRS 3 requires that an accounting acquirer be specified and the merger did not constitute a joint agreement in accordance with IFRS 11, Fluidra, S.A. was identified as the accounting acquirer. This conclusion was based on the distribution of the voting rights (the pre-merger shareholders of Fluidra received 57.6% of the voting rights) and on the fact that the relative size of Fluidra prior to the merger was larger than the Zodiac Group, based on the exchange equation and other financial indicators. Furthermore, no reason was found to indicate otherwise.

During the period comprised between the date of acquisition and 31 December 2018, the acquired business generated consolidated total sales of goods and finished products amounting to Euros 238,367 thousand and total consolidated loss after tax amounting to Euros 44,856 thousand.

If the acquisition had occurred on 1 January 2018, the Group's sales of goods and finished products would have increased by Euros 286,014 thousand and consolidated profit after tax would have increased by Euros 54,841 thousand.

Due to commercial and management synergies, this acquisition was distributed among the different CGUs determined following the merger (see note 7).

(Expressed in thousands of euros)

A breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the twelve-month period ended 31 December 2018 is as follows:

	Thousands of euros
Consideration paid	
Shares transferred	1,138,760
Contingent consideration	-
Total consideration paid	1,138,760
Fair value of net assets acquired	222,303
Goodwill	916,457

The value of the shares transferred was determined by the quoted price of Fluidra, S.A. on 29 June 2018 (Euros 13.72 per share). On 3 November 2017 the quoted price was Euros 8.87 per share.

The intangible assets that were not recorded separately from goodwill and were therefore included in it since they do not meet the separability criterion required by IFRS-EU mainly relate to distribution networks, work force and synergies of the acquired business. The goodwill on this acquisition is not expected to be deductible for tax purposes.

The accounting of this business combination is definitive.

The most significant differences that arose between the carrying amounts of the businesses acquired during the year and their fair values correspond to: customer relationships, trademarks, patents, inventory revaluation, tax loss carryforwards and expenses relating to the Zodiac Group's previous financing.

The fair values of the customer relationships, trademarks and patents are based on measurements made by an independent expert using the MEEM methodology (multi-period excess earning method) and the royalty relief method. The key assumptions used were based on the strategic plans approved by Management.

(Expressed in thousands of euros)

The amounts recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired (Zodiac Group) during the twelve-month period ended 31 December 2018, by significant categories, are as follows:

	Thousands of euros
	Fair value
Property, plant and equipment	22,323
Goodwill	2,898
Other intangible assets	772,079
Other non-current financial assets	760
Non-current derivative financial instruments	485
Deferred tax assets	69,429
Inventories	110,384
Trade and other receivables	131,913
Other current financial assets	33
Cash and cash equivalents	34,558
Total assets	1,144,862
Bank borrowings and other marketable securities - non-current	563,627
Deferred tax liabilities	193,049
Non-current provisions	7,804
Other non-current liabilities	835
Bank borrowings and other marketable securities - current	12,621
Trade and other payables	128,757
Current provisions	15,866
Total liabilities and contingent liabilities	922,559
Total net assets	222,303
Total net assets acquired	222,303
Shares transferred	1,138,760
Cash and cash equivalents acquired	34,558
Cash paid for the acquisitions	(34,558)

During 2018, Euros 124 thousand were received corresponding to deferred collections on the sale of the company Accent Graphic, S.L.U.

(Expressed in thousands of euros)

6. Property, plant and equipment and Other intangible assets

Movements in the items included in Property, plant and equipment during the twelve-month period ended 31 December 2019 are as follows:

	Balances at 31.12.18	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.2019
Cost	912,010	20,301	(23,882)	(2,084)	616	14,547	921,508
Accumulated amortisation	(124,685)	(82,795)	23,544	-	(96)	(1,291)	(185,323)
Net carrying amount	787,325	(62,494)	(338)	(2,084)	520	13,256	736,185

These investments notably include additions due to expenses incurred in several development projects that the Group is currently carrying out for an amount of Euros 13,717 thousand (Euros 8,052 thousand during the same period ended 31 December 2018), which relate to product developments for responsible use of water.

Movement in Property, plant and equipment during the twelve-month period ended 31 December 2019 is as follows:

	Balances at 31.12.18	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.2019
Cost	392,746	27,279	(20,722)	(1,720)	(6,202)	1,637	393,018
Accumulated amortisation	(276,524)	(20,296)	19,634	-	5,137	(993)	(273,042)
Carrying amount	116,222	6,983	(1,088)	(1,720)	(1,065)	644	119,976

During the twelve-month period ended 31 December 2019, there have been investments in molds for new products for an approximate amount of Euros 3,907 thousand (Euros 3,059 thousand during the same period ended 31 December 2018). The most notable investments in the twelve-month period ended 31 December 2019 are the adaptation of the new office building in California and the new production plant in Tijuana.

Transfers include Euros 8,857 thousand relating to the initial application of IFRS 16 (see note 2), as a result of the reclassification of finance leases.

(Expressed in thousands of euros)

Movement in Property, plant and equipment during the twelve-month period ended 31 December 2019 is as follows:

	Balances at 31.12.18	Initial application of IFRS 16 (note 3)	Additions	Disposals	Transfers	Translation differences	Balances at 31.12.2019
Cost	-	116,023	35,271	(3,531)	(15,124)	257	132,896
Accumulated amortisation	-	(6,926)	(22,791)	2,721	6,811	(52)	(20,237)
Net carrying amount	-	109,097	12,480	(810)	(8,313)	205	112,659

7. Goodwill

For the purpose of impairment testing, in 2018 the Group allocated goodwill to its cash-generating units (CGUs) in accordance with IFRS 36, where a CGU is defined as a smaller identifiable group of assets which generates cash inflows that are largely independent of those from other assets or groups of assets.

The following CGUs were identified following the merger with the Zodiac Group:

- Operations
- North America
- Europe
- Certikin International, LTD and SIBO Fluidra Netherlands B.V.
- Expansion
- Sohem – Southern Hemisphere

For impairment testing purposes, the goodwill arising on the acquisition of the Zodiac Group was allocated to the following CGUs and group of CGUs which benefited from the synergies obtained on the business combination:

- Operations
- North America
- Europe and the Southern hemisphere

The Certikin International, LTD, SIBO Fluidra Netherlands B.V. and Expansion CGUs did not benefit from the synergies of the business combination and they were not therefore allocated any portion of the goodwill generated.

The Operations and North America CGUs were allocated goodwill at CGU level, which in both cases coincides with the segment definition set out in note 4.

In the case of Europe and Sohem, goodwill was allocated to a "group of CGUs" on the basis that the group is not supervised by management at a lower level than the respective segment. Similarly, goodwill was not allocated to the entire ESA segment (see note 4), as some CGUs within the segment will not benefit from the business combination (as Zodiac did not operate in these territories). Goodwill was therefore allocated to the remaining CGUs included in the segment.

(Expressed in thousands of euros)

A breakdown of goodwill allocated by CGU or group of CGUs at 31 December 2018 and 31 December 2019 is as follows:

		Thousands of euros	
	Segment	31.12.2019	31.12.2018
Operations	Operations	186,562	187,326
North America	North America	522,174	512,323
Certikin Internacional, LTD	ESA	3,552	3,403
Expansion	ESA	45,522	44,823
SIBO Fluidra Netherlands B.V.	ESA	5,048	5,048
Europe and the Southern hemisphere	ESA	340,998	340,766
Total		1,103,856	1,093,689

Movement in goodwill is mainly due to the currency translation differences arisen from the goodwill denominated in foreign currency, chiefly as a result of fluctuations in the exchange rates of the US dollar and the pound sterling.

The recoverable amount of each CGU is determined based on the greater of fair value less selling costs, calculated using a Level 3 methodology in line with the hierarchy established in IFRS 3, and continuing value in use. These calculations are based on cash flow projections from the financial budgets and/or strategic plans approved by Management relating to the different cash generating units to which goodwill is allocated. They are determined on a four-year basis and can be extended to a ten-year period to progressively standardise flows using a long-term growth rate, depending on the different markets. The process for preparing the strategic plans of the CGUs considers the current situation of each CGU's market, analysing the macroeconomic and competitive environments, as well as the CGU's position in those environments and the opportunities for growth. Key factors for business development are chiefly evolution in the existing pools in each market in terms of the maintenance business and evolution in the construction of new pools. In addition, potential operating efficiencies due to growth are taken into consideration. These projections are corrected on the basis of the level of compliance with strategic plans and/or financial budgets achieved in prior years. The said projections and estimates are consistent with those that would be made by a market participant.

The key assumptions used in the strategic plans relate to sustained business growth in pools (aftermarket), moderate growth in the construction of new pools in mature markets and sustained growth in emerging markets, combined with an increase in our penetration in commercial pools in some geographical areas where our presence is still small and increased market share in the American market. These projections also include the operational expense and purchase synergies resulting from the merger with the Zodiac Group. These synergies are considered to be replicable by market participants other than Fluidra, since they largely relate to cost optimisations and general structural expenses.

In terms of the Operations division, revenues are linked to the increase in sales divisions resulting from the partial integration of manufacturing within Fluidra. The assumptions used in the strategic plans relate to a recovery in profitability due to greater efficiency obtained through the lean management plans in production plants, the integration of the logistics chain and the operating leverage due to growth and also potential purchase synergies from the merger with the Zodiac Group.

(Expressed in thousands of euros)

The quantitative assumptions used for 2019 and 2018 are shown in the accompanying table:

2019:

CGU	Sales CAGR (*) 2019-2023	EBITDA CAGR (*) 2019-2023	g (**)	WACC (***) 2019	WACC (****) 2019
Operations	4.49%	6.31%	1.75%	8.11%	10.88%
North America	4.90%	8.02%	1.88%	6.55%	8.74%
Certikin Internacional, LTD	2.99%	2.67%	1.95%	6.84%	8.47%
Expansion	6.31%	7.18%	1.98%	10.00%	12.61%
SIBO Fluidra Netherlands B.V.	5.49%	4.82%	1.71%	6.32%	8.76%
Europe and the Southern hemisphere	5.79%	7.82%	1.84%	7.37%	9.92%

2018:

CGU	Sales CAGR (*) 2018-2022	EBITDA CAGR (*) 2018-2022	g (**)	WACC (***) 2018	WACC (****) 2018
Operations	5.40%	7.34%	1.91%	7.87%	9.70%
North America	5.02%	10.04%	2.29%	7.54%	9.65%
Certikin Internacional, LTD	4.08%	4.34%	1.94%	6.56%	8.21%
Expansion	8.04%	12.13%	2.00%	11.09%	13.47%
SIBO Fluidra Netherlands B.V.	8.59%	10.22%	1.55%	6.43%	8.32%
Europe and the Southern hemisphere	5.88%	11.74%	2.11%	7.80%	10.16%

(*) CAGR is the term used to represent the compound annual growth rate of the four-year periods used.

(**) Perpetual growth rate.

(***) After-tax discount rate.

(****) Before-tax discount rate.

From the eleventh year, cash flow projections are calculated using a growth rate in perpetuity in accordance with each market. The growth rates applied are detailed in the table above.

The discount rates applied to cash flow projections used for the CGUs have been calculated based on risk-free rates (interest rates for sovereign debt of each country, always the one applicable to each market at 31 December), tax rate, market risk premiums, and debt spreads for the markets in which the CGUs operate. The discount rates applied before and after tax are detailed in the table above.

(Expressed in thousands of euros)

For the impairment test carried out in 2019, the right-of-use assets arising as a result of the new IFRS-16 standard have been taken into account in the carrying amount of each CGU's net assets, adjusting the cash flows and discount rates accordingly.

The Group performed a sensitivity analysis on the impairment calculation using reasonable variations in the key assumptions used. The following variations have been taken on for the CGUs and groups of CGUs:

- Decrease of 100 basis points in the EBITDA margin in perpetuity (EBITDA)
- Growth rate in perpetuity - Decrease of 0.5% (g)
- Discount rate – Increase of 0.5% (WACC)

The quantitative result of these reasonable variations on the model, shown as a percentage of surplus/shortfall over the carrying amount of goodwill at 31 December 2019 and 2018, is as follows:

CGU	EBITDA	g	WACC
Operations	>100%	>100%	>100%
North America	>100%	>100%	>100%
Certikin Internacional, LTD	>100%	>100%	>100%
Expansion	>100%	>100%	>100%
SIBO Fluidra Netherlands B.V.	>100%	>100%	>100%
Europe and the Southern hemisphere	>100%	>100%	>100%

In a similar manner, it is deemed that none of the aforementioned variations to the key assumptions in the measurement model would imply the need to recognise a goodwill impairment at 31 December 2019.

Additional changes in the assumptions used to determine fair value could alter the impairment estimate.

The Group's market capitalization at 31 December 2019 amounts to Euros 2,386.7 million (Euros 1,915.2 million at 31 December 2018).

(Expressed in thousands of euros)

8. Current and non-current financial assets

A breakdown of Other current and non-current financial assets is as follows:

		Thousands of euros	
	Note	31.12.2019	31.12.2018
Financial assets at fair value through profit or loss		597	487
Deposits and guarantees		6,779	6,222
Total non-current		7,376	6,709
Deposits and guarantees		9,713	4,922
Derivative financial instruments	9	291	356
Total current		10,004	5,278

The Deposits and guarantees caption mainly includes term deposits that earn market interest rates and are classified in the Loans and receivables caption, as well as deposits and guarantees given as a result of rental contracts. These are measured following the criteria established for financial assets. The difference between the amount paid and fair value is recognised in the income statement as a prepayment over the lease term.

(Expressed in thousands of euros)

9. Derivative financial instruments

A breakdown of derivative financial instruments is as follows:

	31.12.2019				
		Thousands of euros			
	Notional	Fair values			
	amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency contracts	19,702	-	291	-	808
Total derivatives traded on over-the-counter markets		-	291	-	808
Total derivatives held for trading		-	291	-	808
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	615,180	-	-	14,951	-
Total hedging derivatives		-	-	14,951	-
Total recognised derivatives		-	291	14,951	808
			(note 8)		

(Expressed in thousands of euros)

	31.12.2018				
		Thousands of euros			
	Notional amount	Fair values			
		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency contracts	16,232	-	356	-	28
Total derivatives traded on over-the-counter markets		-	356	-	28
Total derivatives held for trading		-	356	-	28
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	609,752	-	-	7,870	-
Total hedging derivatives		-	-	7,870	-
Total recognised derivatives		-	356	7,870	28
			(note 8)		

The fair value of swaps, since they are derivatives not traded on organised markets, is calculated using the discounted value of expected cash flows due to the spread in rates, based on observable market conditions at the date of measurement (corresponding to the level 2 measurement method in accordance with IFRS 13).

The fair value of swaps and exchange rate derivatives has been estimated using the discounted cash flow method based on forward exchange rates available in public databases at the reporting date (corresponding to the level 2 measurement method in accordance with IFRS 13).

10. Non-current assets held for sale and liabilities linked to non-current assets held for sale

On 31 December 2018 non-current assets held for sale and liabilities relating to non-current assets held for sale correspond to the electronic pool cleaner development, manufacture and sale businesses run by the company Aquatron Robotic Technology, Ltd. in Afula (Israel).

On 27 June 2018 in relation to the merger between the Fluidra Group and the Zodiac Group, the European Commission deemed the merger compatible with the domestic market subject to compliance with certain obligations, including the sale of Aquatron Robotic Technology, Ltd., a wholly-owned subsidiary of Fluidra, to a suitable buyer.

Since, at 31 December 2018, the Group had a binding agreement to sell these clearly identified assets and liabilities, the process was underway and the sale was deemed likely to go ahead and be completed within the year 2018, the accounting balances of these assets and liabilities were transferred to the caption “Non-current assets held for sale” and “Liabilities relating to non-current assets held for sale”, in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”. Furthermore, they were deemed discontinued operations since they comprised items held for sale which represented a significant business line separate to the rest, therefore, all income and expenses corresponding to these businesses in the twelve-month period ended 31 December 2018 are presented in the caption Profit/(loss) after tax on discontinued operations.

On 31 January 2019 and as mentioned in note 5, these assets and liabilities were sold.

In addition, at 31 December 2018 the property located in Castiglione delle Stiviere at Via Mazzini 28/Z owned by Zodiac Pool Systems Italia, S.R.L., was also included under this caption. The Group had a firm purchase offer. On 13 June 2019 this property was sold.

Assets held for sale, less their related liabilities, were measured at their carrying value or the expected sale amount less cost of sale, whichever was lower. This led to the recognition of impairment on this account at 31 December 2018 amounting to Euros 2,614 thousand.

(Expressed in thousands of euros)

Details of the nature of the assets classified as held for sale and the related liabilities, at 31 December 2018, are as follows:

Assets	31.12.2018
Property, plant, and equipment	4,715
Goodwill	15,194
Other intangible assets	1,394
Non-current financial assets	25
Deferred tax assets	311
Total non-current assets	21,639
Inventories	7,106
Trade and other receivables	949
Other current financial assets	3,000
Derivative financial instruments	3
Cash and cash equivalents	11,172
Total current assets	22,230
TOTAL ASSETS	43,869
Liabilities	
Deferred tax liabilities	212
Provisions	79
Government grants	147
Total non-current liabilities	438
Trade and other payables	3,140
Provisions	2,202
Derivative financial instruments	38
Total current liabilities	5,380
TOTAL LIABILITIES	5,818

(Expressed in thousands of euros)

Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for the twelve-month periods ended 31 December 2019 and 31 December 2018, are as follows:

	31.12.2019	31.12.2018
Operating income		
Sales of goods and finished products	1,799	5,837
Income from the rendering of services	1	104
Work performed by the Group and capitalised as non-current assets	56	723
Total operating income	1,856	6,664
Operating expenses		
Change in inventories of finished products and work in progress and raw material supplies	(824)	4,835
Personnel expenses	(387)	(4,494)
Amortization and depreciation expenses and impairment losses	(117)	(3,473)
Other operating expenses	(219)	(3,240)
Total operating expenses	(1,547)	(6,372)
Other gains and losses		
Profit from sales of fixed assets	-	-
Total other gains and losses	-	-
Operating profit	309	292
Finance income / cost		
Finance income	120	616
Finance cost	(2)	(669)
Exchange gains/(losses)	(534)	745
Net finance income/(cost)	(416)	692
Share of profit/(loss) for the year of entities accounted for using the equity method .	-	-
Profit/(loss) before tax from continuing operations	(107)	984
Income tax expense	(7)	(89)
Profit/(loss) after tax from discontinued operations	(114)	895
Profit / (loss) from discontinued operations attributable to non-controlling interests	-	-
Profit / (loss) from discontinued operations attributable to equity holders of the parent	(114)	895
EBITDA	426	3,765

(Expressed in thousands of euros)

A breakdown of the statement of comprehensive income for this activity for the twelve-month periods ended 31 December 2019 and 31 December 2018 is as follows:

	31.12.2019	31.12.2018
Profit / (loss) for the period	(114)	895
Other comprehensive income:		
Items that will not subsequently be reclassified to profit or loss		
Recalculation of the measurement of defined benefit plans	-	-
Tax effect	-	-
Items that will be reclassified to profit or loss		
Cash flow hedges	-	-
Exchange differences on translation of foreign operations	887	(972)
Tax effect	-	-
Other comprehensive income for the year, net of tax	887	(972)
Total comprehensive income for the year	773	(77)
Total comprehensive income attributable to:		
Equity holders of the parent	773	(77)
Non-controlling interests	-	-
	773	(77)

The cash flows arising from discontinued operations in the consolidated statement of cash flows are:

	31.12.2019	31.12.2018
Cash flows from:		
Operating activities	428	2,523
Investing activities	(65)	(4,756)
Financing activities	(11)	103

(Expressed in thousands of euros)

11. Equity

A breakdown of equity and movement are shown in the consolidated statement of changes in equity.

a) Share capital

At 31 December 2019 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. All shares bear the same political and financial rights.

On 31 October 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of Euro 1 each.

These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant equity shares at 31 December 2019 is as follows:

	Ownership percentage
Rhône Capital L.L.C.	38.42%
Boyser, S.R.L.	8.13%
Dispur, S.L.	7.07%
Edrem, S.L.	6.93%
Piumoc Inversions, S.L.U.	5.07%
Maveor, S.L.	5.00%
Other shareholders	29.38%
	100.00%

On 3 November 2017, Fluidra, S.A., the syndicated shareholders of the Company, Piscine Luxembourg Holdings 1 S.à.r.l. and Piscine Luxembourg Holdings 2 S.à.r.l., as ultimate and penultimate holding companies, respectively, of the Luxembourgian company Zodiac Pool Solutions S.à.r.l., signed an investment agreement whereby they agreed to combine the businesses of the Fluidra Group and the Zodiac Group by means of a cross-border merger.

Specifically, the transaction described consisted of the cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) in the terms set forth in articles 22 and thereafter of Act 3/2009 of 3 April, on structural modifications to corporations and articles 257 and thereafter of the Luxembourgian Corporations Law of 10 August 1915 (loi du 10 août 1915 sur les sociétés commerciales), with the termination by dissolution without liquidation, of the absorbed company and transfer en bloc of all of its equity to the absorbing company, which shall acquire, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the join merger project.

The General Meeting of Shareholders of Fluidra, S.A. approved the merger on 20 February 2018 and it finally took effect on 2 July 2018.

(Expressed in thousands of euros)

The rate of exchange at which the shares of Piscine Luxembourg Holdings 2 S.à r.l. were swapped for Fluidra, S.A. shares is as follows: 69.1666667 ordinary shares in Fluidra, S.A. at Euros 1 par value for each ordinary share in Piscine Luxembourg Holdings 2 S.à.r.l. of Euros 0,01 par value, with no additional monetary compensation. This rate of exchange was verified by an independent expert appointed by the Mercantile Registry.

By virtue of the merger and in accordance with the rate of exchange stated, Fluidra, S.A. issued 83,000,000 new ordinary shares at Euros 1 par value each, representing 42.43% of the share capital of Fluidra, S.A. after the merger, which were submitted to and subscribed by Piscine Luxembourg Holdings 1, S.à.r.l., sole shareholder of the absorbed company, controlled by Rhône Capital. Fluidra, S.A.'s other shareholders (including the Company itself by virtue of its own shares held) were joint owners of 57.57% of the share capital after the merger.

For accounting purposes, this merger was treated like a direct acquisition, wherein Fluidra, S.A. was considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. were measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations). The fair value received by Fluidra, S.A. as a result of the merger was Euros 1,138,760 thousand (see note 5).

b) Share premium

This reserve can be freely distributed, except for the established in section f) of this note.

c) Legal reserve

According to the revised text of the Spanish Corporation Law, companies must transfer 10% of profits for the year to a legal reserve until this reserve is equivalent to at least 20% of capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

d) Parent company shares

The movements in treasury shares during the twelve-month period ended 31 December 2019 are as follows:

		Euros	
	Number	Face value	Average acquisition/disposal price
Balances at 01.01.2019	2,136,688	2,136,688	6.4072
Acquisitions	937,600	937,600	10.8543
Disposals	(1,492,890)	(1,492,890)	(9.2444)
Balances at 31.12.2019	1,581,398	1,581,398	8.8527

The majority of Parent shares disposed of in the twelve-month period ended 31 December 2019 were a result of the settlement of the 2015-2018 long-term variable remuneration plan, settled in January 2019, aimed at the executive directors and management team of Fluidra S.A. and the companies that make up the consolidated group (see note 23).

(Expressed in thousands of euros)

The time and maximum percentage limits of treasury shares meet the statutory limits.

No Group company owns shares in the Parent.

e) Recognised income and expense

This caption mainly includes the currency translation differences and gains and losses on the measurement at fair value of the hedging instrument that corresponds to the portion identified as an efficient hedge, net of tax effect, if any.

f) Dividends and limitations on the distribution of dividends

The Parent Company's voluntary reserves at 31 December 2019 amounting to Euros 9,744 thousand, as well as the share premium and profit/(loss) for the year, are subject however to the legal limitations on their distribution.

g) Capital management

The Group's capital management policy applied is line with the policy described in the Group's consolidated financial statements for the year ended 31 December 2018.

12. Earnings/(losses) per share

a) Basic earnings

Basic earnings/(losses) per share amounts are calculated by dividing profit / (loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the twelve-month period ended 31 December 2019 and 2018, excluding own shares.

A breakdown of the basic earnings/(losses) per share calculation is as follows:

	12.31.2019	12.31.2018
Profit/(loss) for the period attributable to equity holders of the Parent (thousands of euros)	8,322	(33,922)
Weighted average number of ordinary shares outstanding	194,288,934	152,309,624
Basic earnings/(losses) per share from continuing operations (euros)	0.04342	(0.22859)
Basic earnings/(losses) per share from discontinued operations (euros)	(0.00059)	0.00588

Profit for the year corresponds to the profit/(loss) for the year attributable to equity holders of the Parent.

(Expressed in thousands of euros)

The weighted average number of ordinary shares was calculated as follows:

	12.31.2019	12.31.2018
Ordinary shares outstanding at 1 January	195,629,070	112,629,070
Effect of changes in treasury shares	(1,340,136)	(1,705,747)
Effect of capital increase	-	41,386,301
Weighted average number of ordinary shares outstanding at 31 December	194,288,934	152,309,624

b) Diluted earnings

Diluted earnings/(losses) per share are calculated by adjusting profit/(loss) for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive effects inherent to potential ordinary shares. Given that there are no potential ordinary shares with dilutive effects, this calculation is not necessary.

(Expressed in thousands of euros)

13. Provisions

A breakdown of Other provisions is as follows:

	Thousands of euros			
	12.31.2019		12.31.2018	
	Non-current	Current	Non-current	Current
Guarantees	-	28,437	-	24,111
Provisions for taxes	130	-	5,092	-
Provisions for obligations with employees	8,511	-	8,809	-
Litigation and other liabilities	2,765	-	4,885	-
Total	11,406	28,437	18,786	24,111

The Provisions caption includes, on the one hand, current provisions for warranties provided to cover potential incidents related to the products sold by the Group and, on the other hand, non-current provisions that are described in the following three captions: Provisions for taxes to cover potential risks related to tax obligations in the countries in which the Group operates; Provisions for commitments to employees recorded in accordance with employment legislation in some countries in which the Group operates in order to cover potential future employee compensation and benefits; and Provisions for litigation and other liabilities, which include provisions recorded by Group companies in connection with contingencies arisen as a result of their activities.

At 31 December 2019, according to the IFRIC 23 interpretation issued by the IASB, a part of the Provisions for taxes related to income tax have been reclassified to Current income tax liabilities under Trade and other payables.

(Expressed in thousands of euros)

14. Bank borrowings and other marketable securities

A breakdown of this caption in the consolidated statement of financial position is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Non-current borrowings	856,723	854,078
Bank borrowings	312	2,217
Finance lease payables	-	159
Total non-current	857,035	856,454
Bank loans	5,954	21,063
ABL credit facility	5,797	19,224
Non-current borrowings	7,454	7,363
Bank borrowings	2,657	2,572
Finance lease payables	-	1,371
Total current	21,862	51,593
Total bank borrowings and other marketable securities	878,897	908,047

All the balances shown in the table above correspond to the financial liabilities at amortised cost category.

On 2 July 2018, the debt refinancing following the merger with the Zodiac Group took effect, as follows:

- Long-Term Euro Loan Tranche amounting to Euros 400 million.
- Long-Term USD Loan Tranche amounting to USD 500 million.
- Long-Term AUD Loan amounting to AUD 75 million.
- Multi-currency revolving credit facility amounting to Euros 130 million.
- ABL credit facility (asset-based loan, mainly clients and inventories) amounting to USD 230 million.

The term agreed is 7 years for the loan in its three tranches with quarterly repayments of 0.25%, and repayment in full at the end of the term; 6 years in the case of the revolving credit facility, and 5 years for the ABL.

The interest rates are index-linked to the Euribor or Libor at 1 month, with spreads ranging between 2.25% and 3.75% depending on the tranche and currency; the revolving credit facility is between 2% and 2.5% based on the leverage ratio; and for the ABL there is a margin of between 1.50% and 2% based on the drawdown.

The Group is obliged to report to the lenders quarterly and there are certain standard limitations on increasing borrowings in loans and credit facilities of this kind. Furthermore, the revolving credit facility is subject to compliance with certain financial ratios based on the requirement to keep the Financial Debt/EBITDA ratio below 5.65 when the facility is drawn down more than 40%. With regard to the ABL credit facility, there is a trigger for entering the settlement period based on whether over 90% of the loan or the total facility is drawn down over five consecutive days or in any event over thirty consecutive days.

These loans and credit facilities are subject to arrangement and issuance fees, and an availability commission in the case of credit facilities. In addition, after 45 days from the date of allocation, insurance costs will apply to all tranches of long-term loans held.

During 2018 and as a result of the debt refinancing, the following loans were cancelled: i) the loan signed by the Zodiac Group on 20 December 2016, ii) the ABL credit facility (asset-based financing) of the Zodiac Group, also signed on 20 December 2016, iii) the loan and revolving credit facility signed by Fluidra, S.A. with a syndicate of credit institutions on 25 February 2015, and iv) other bilateral loans and credit facilities held by the Fluidra Group. The cancelled bilateral loans amounted to Euros 31,980.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2019 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at the close of the twelve-month periods ended 31 December 2019 and 31 December 2018.

No new loans have been signed in the twelve-month period ended 31 December 2019.

15. Risk management policy

The Group's risk management policies applied are in line with the policies described in the Group's consolidated financial statements for the year ended 31 December 2018 prepared in accordance with IFRS-EU.

(Expressed in thousands of euros)

16. Changes in inventories of finished goods and work in progress and raw material supplies

The breakdown of this income statement caption is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Purchase of raw and related materials	618,213	513,229
Changes in inventories of raw materials, finished products and work in progress and goods for resale	42,088	25,086
Charge to the provision for obsolescence	5,721	(65)
Total	666,022	538,250

17. Sales of goods and finished products

A breakdown of sales of goods and finished products by business unit in the twelve months ended 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Residential	953,068	665,979
Commercial	99,057	92,557
Water treatment	191,902	152,382
Fluid handling	75,753	72,800
Pool & Wellness	1,319,780	983,718
Irrigation, Industrial and Other	47,770	45,923
Total	1,367,550	1,029,641

In the twelve-month period ended 31 December 2019, the Commercial Pool caption included Euros 5,581 thousand (Euros 7,784 thousand in the corresponding prior year period) relating to the execution of projects where the rendering of services is recognised based on the degree of completion at the closing date, as long as the result of the transaction can be reliably estimated.

(Expressed in thousands of euros)

A breakdown of sales of goods and finished products by geographical region (country of destination) in the twelve months ended 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Southern Europe	442,803	395,029
Rest of Europe	230,000	169,109
North America	425,941	218,391
Rest of the world	268,806	247,112
Total	1,367,550	1,029,641

At 31 December 2019 there is a client in the US with sales to third parties of 13.5% of total sales.

At 31 December 2018 there are no customer accounts for sales to third parties greater than 10% of total sales.

18. Income from the rendering of services

This caption includes the revenue from sales transportation services and other logistics services rendered by the Group.

19. Personnel expenses

A breakdown of personnel expenses in the twelve months ended 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Wages and salaries	219,995	175,514
Termination benefits	3,928	3,650
Social security expense	39,680	36,236
Other employee welfare expenses	14,269	7,552
	277,872	222,952

(Expressed in thousands of euros)

The average headcount during the twelve-month periods ended 31 December 2019 and 2018 by professional category is as follows:

	12.31.2019	12.31.2018
Management	101	97
Sales, logistics and production staff	4,205	3,794
Administration and purchasing staff	1,184	1,074
	5,490	4,965

A breakdown of the Group's headcount at the end of the twelve-month periods ended 31 December 2019 and 2018, by gender, is as follows:

	12.31.2019	12.31.2018
Male	3,564	3,587
Female	1,791	1,744
	5,355	5,331

(Expressed in thousands of euros)

20. Other operating expenses

A breakdown of Other expenses is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Leases and fees	9,764	29,111
Repairs and maintenance	19,246	12,829
Independent professional services	29,207	43,972
Temporary employment agency expenses	18,734	10,368
Commissions	3,840	4,770
Sales transportation and logistics services	63,045	48,449
Insurance premiums	5,165	3,242
Bank services	2,029	1,413
Advertising and publicity	23,562	17,004
Utilities	12,656	9,664
Communications	4,749	3,001
Travel expenses	21,240	15,028
Taxes	3,453	4,477
Adjustments due to impairment of receivables	4,224	3,332
Guarantees	8,563	3,868
Other (**)	26,612	19,057
	256,089	229,585

(**) Includes remuneration paid to the Board of Directors, R&D expenses and other expenses.

The leases and fees heading has decreased significantly compared to the same period in the prior year as a result of applying IFRS 16 (see note 2d), amounting to Euros 24,740 thousand, relating to operating lease payments which were recorded under this caption until the standard was applied.

In the twelve-month period ended 31 December 2018, the Independent professional services caption includes the expenses corresponding to the merger and integration of Piscine Luxembourg Holdings 2 S.à.r.l..

(Expressed in thousands of euros)

21. **Finance income and cost**

A breakdown of finance income and costs is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Finance income		
Other finance income	1,481	330
Reversals for impairment of financial assets at amortized cost other than trade and other receivables	-	406
Gains on the fair value of financial instruments	1,322	1,215
Total finance income	2,803	1,951
Finance cost		
Non-current interest on loans	(36,079)	(17,797)
Interest on debt (leasing, loans, policies and bills discounting)	(7,808)	(5,551)
Other finance costs	(3,070)	(2,352)
Losses on the fair value of financial instruments	(6,480)	(2,071)
Impairment losses on financial assets at amortized cost other than trade and other receivables	(355)	(340)
Total finance cost	(53,792)	(28,111)
Right-of-use finance cost	(4,929)	-
Exchange gains/(losses)		
Exchange gains	26,780	26,700
Exchange losses	(26,295)	(28,136)
Total exchange gains / (losses)	485	(1,436)
Net profit / (loss)	(55,433)	(27,596)

At 31 December 2019, the right-of-use finance cost heading includes the effect of applying IFRS 16 amounting to Euros 4,929 thousand (see note 2d).

At 31 December 2019, the Gains on the fair value of financial instruments caption includes Euros 1,294 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 362 thousand at 31 December 2018).

At 31 December 2019, the Losses on the fair value of financial instruments caption includes Euros 5,607 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 1,677 thousand at 31 December 2018).

22. Deferred taxes and Income tax

During 2019 and 2018, the Group is being taxed under the consolidated tax return regime, through six tax subgroups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, ZPES Holdings, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

Fluidra, S.A. (25%)

Fluidra Export, S.A.
Cepex, S.A.U.
Fluidra Commercial, S.A.U.
Fluidra Comercial España, S.A.U.
Fluidra Industry, S.A.U.
Fluidra J.V. Youli, S.L.
Fluidra Services España, S.L.U.
Industrias Mecánicas Lago, S.A.U.
Fluidra Industry España, S.L.U
Inquide, S.A.U.
Metalast, S.A.U.
Poltank, S.A.U.
Fluidra Global Distribution, S.L.U.
Sacopa, S.A.U.
Talleres del Agua, S.L.U.
Togama, S.A.U.
Trace Logistics, S.A.U.
Unistral Recambios, S.A.U.
Fluidra Engineering Services, S.L.
Innodrip, S.L.U.
I.D. Electroquímica, S.L
Fluidra Finco, S.L.

Zodiac Pool Solutions, LLC (23.1167%)
Zodiac Pool Systems, LLC
Cover Pools Incorporated

Fluidra Holdings Australia PTY LTD (30%)
Fluidra Group Australia PTY LTD
Fluidra Australia PTY LTD
Price Chemicals PTY LTD

Fluidra Services Italia, S.R.L. (24%)

Fluidra Commerciale Italia, S.p.a.
Agrisilos, S.R.L.

ZPES Holdings, S.A.S. (31%)

Fluidra Commercial France, S.A.S. (*)
Fluidra Industry France, S.A.R.L. (*)
Fluidra Assistance, S.A.S. (*)
Piscines Techniques 2000, S.A.S. (*)
Poolweb, S.A.S. (*)
Zodiac Pool Solutions, S.A.S.
Zodiac International, S.A.S.
Zodiac Pool Care Europe, S.A.S.

U.S. Pool Holdings, Inc. (26.23%)

Fluidra USA, Inc.
Aquaproducts, Inc.
Fluidra Projects USA, Inc.

(*) Companies included in the tax subgroup in 2019.

The Company and remaining subsidiaries (except Fluidra Middle East FZE and La Tienda Swimming Pool Maintenance LLC) are required to file an annual corporate income tax return.

On 30 March 2006 the Company made a capital increase through the non-monetary contribution of shares under the special tax regime set forth in Chapter VIII, Title VII of Royal Legislative Decree 4/2004, of 5 March, which enacts the Revised Text of the Spanish Corporate Income Tax Law.

(Expressed in thousands of euros)

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable for the above-mentioned amount. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by the Company. After the sale of shares carried out by the shareholders on 31 October 2007 due to the Company's initial public offering, the non-current deferred tax and the non-current account receivable were reduced to Euros 1,138 thousand, which are included in the Other non-current accounts receivable caption. At 31 December 2019 and 2018 neither non-current deferred tax nor the non-current account receivable have shown any variation.

A breakdown of the corporate income tax expense is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Current tax		
for the year	29,250	14,215
Tax deductions	(1,181)	(1,304)
Prior years' adjustments	725	90
Provision for taxes	(105)	683
Other/ Withholding at source on income earned abroad	556	396
Deferred taxes		
Origination and reversal of temporary differences	(25,333)	(13,409)
Tax credit for unused tax loss carryforwards and deductions	6,098	3,967
Effect of the change in the tax rate	(4,028)	(782)
Total income tax expense	5,982	3,856

(Expressed in thousands of euros)

The reconciliation of current income tax with current net income tax liabilities is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Current tax	28,069	12,911
Withholdings and payments made on account during the year	(19,597)	(12,291)
Other	(2,339)	(2,300)
Transfer of provisions as per IFRIC 23	5,263	-
Translation differences	(5)	(53)
Additions from business combinations (note 5)	-	(12,064)
Tax payable in 2018	(4,267)	-
Tax payable in 2017	-	(7,896)
	7,124	(21,693)

The relationship between income tax expense and profit from continuing operations is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Profit for the year before tax from continuing operations	20,093	(28,961)
Profit at 25%	5,023	(7,240)
Effect of applying different tax rates in other countries	(31)	512
Permanent differences	(5,407)	4,841
Offsetting of unrecognised loss carryforwards from prior years	(964)	(432)
Tax effect of unused loss carryforwards in current year	8,170	5,332
Differences in the income tax expense from prior years	725	90
Withholding at source on income earned abroad	556	583
Provision for taxes	(105)	683
Tax deductions generated in the year	(1,181)	(1,304)
Effect of the change in the tax rate	(4,028)	(782)
Other	3,224	1,573
Income tax expense	5,982	3,856

(Expressed in thousands of euros)

Deferred tax assets related to taxable income available for offset and unused deductions recorded in the Group's consolidated financial statements at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Deductions	2,997	3,246
Tax loss carryforwards	40,734	49,382
	43,731	52,628

The Group has recognised these assets since it expects to offset them against future tax profit.

In the business combination with the Zodiac Group, Euros 44,995 thousand in tax loss carryforwards were recorded from the group's French companies. Projections for the French companies as a merged group and the synergies obtained by integrating these businesses reasonably support the recovery of the said tax loss carryforwards in a period of less than ten years.

Group companies are open to inspection for all applicable taxes to which they are liable for the legal tax periods open to inspection in each country. The Group does not expect that any significant additional liabilities will arise for the companies in the event of a potential tax inspection.

Fluidra, S.A., Talleres del Agua, S.L.U., Fluidra Commerciale Italia, S.P.A., Zodiac Pool Deutschland GMBH and Zodiac Pool Systems, LLC are currently being inspected, although no significant liabilities are expected to arise for the Fluidra Group.

The Spanish companies are open to inspection for the following tax periods:

Tax	Open tax periods
Corporate income tax	From 2015 to 2019
Value added tax	From 2016 to 2019
Personal income tax	From 2016 to 2019
Tax on Economic Activities	From 2016 to 2019

In April 2018 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the income tax of the Parent of the tax group Fluidra, S.A. The years being inspected for the income tax are 2013-2016. This inspection covered checking the distribution among Group companies of costs relating to management support services and it was completed in 2019 without revealing significant additional contingent liabilities to those already recorded.

In April 2019 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The Company's Directors consider that no additional significant contingent liabilities will arise other than those already recorded, and the additional tax payable, if any, would not have a significant impact on the financial statements of the company.

(Expressed in thousands of euros)

The Company's Directors consider that, if there were additional inspections to the ones already mentioned, the possibility of additional contingent liabilities arising is remote and, the additional tax payable, if any, would not have a significant impact on the interim consolidated financial statements of the Group taken as a whole.

23. Related party balances and transactions

The breakdown of balances receivable from and payable to related parties and associates and their main characteristics is as follows:

	Thousands of euros			
	12.31.2019		12.31.2018	
	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	386	-	315	-
Debtors	36	-	44	-
Suppliers	-	620	-	746
Creditors	-	-	-	-
Total current	422	620	359	746

a) **Consolidated Group transactions with related parties**

Current related-party transactions correspond to the Group's normal trading activity, have been carried out on a reasonable arm's length basis and mainly include the following transactions:

a. Purchases of finished products, purchases of spas and accessories from Iberspa, S.L. (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. And Aniol, S.L.).

b. Lease contracts on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Inmobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under Lease payments / expenses for services and others amounting to Euros 2,811 thousand in the twelve-month period ended 31 December 2019 (Euros 2,853 thousand in the same period in 2018).

c. Sales of necessary components and materials produced by the Group for the manufacture of spas to Iberspa, S.L.

d. Rendering of services by the Group to Iberspa, S.L.

The nature of the relationship with the above-mentioned related parties is the existence of significant shareholders in common.

(Expressed in thousands of euros)

The amounts of the consolidated Group transactions with related parties are as follows:

	Thousands of euros			
	12.31.2019		12.31.2018	
	Associates	Related parties	Associates	Related parties
Sales	492	1,127	484	897
Income from services	46	184	32	230
Purchases	(55)	(4,124)	(185)	(5,525)
Lease payments / expenses for services and other	-	(2,854)	-	(2,929)

b) **Information on the Parent Company's Directors and the Group's key management personnel**

No advances or loans have been given to key management personnel or Directors.

The remuneration earned by key management personnel and Directors of the Company is as follows:

	Thousands of euros	
	12.31.2019	12.31.2018
Total key management personnel	4,023	8,404
Total Directors of the Parent company	6,587	5,182

The members of the Parent company's Board of Directors have received Euros 1,216 thousand in the twelve-month period ended 31 December 2019 (Euros 1,009 thousand in the same period in 2018) from the consolidated companies in which they act as board members. Additionally, for their executive duties, they have received Euros 5,251 thousand in the twelve-month period ended 31 December 2019 (Euros 4,084 thousand in the same period in 2018). Executive duties includes payment in kind relating to vehicles, life insurance, medical insurance and income from share plans. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses (Euros 89 thousand in 2018).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 31 thousand in the twelve-month period ended 31 December 2019 (Euros 67 thousand in the same period in 2018). These life insurance policies include an income supplement in the event of total permanent invalidity.

Furthermore, the Company has made contributions to benefit plans and pension plans amounting to Euros 76 thousand in the twelve-month period ended 31 December 2019 (Euros 112 thousand in 2018).

During the twelve-month period ended 31 December 2019, civil liability insurance premiums for all the Group's directors to cover damages arising in the performance of duties during the year have been paid amounting to Euros 65 thousand (Euros 75 thousand for the same period in 2018).

The Group’s key management includes the executives that answer directly to the Board of Directors or senior management, as well as the internal auditor.

At the general meeting held on 5 May 2015 the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan was implemented through the granting of a certain number of performance share units (PSUs), which were settled in Company shares once a certain period of time had elapsed 25% of these PSUs could be directly converted into shares once certain length-of-services requirements are met. The remaining 75% would be converted subject to the following financial objectives: 50% are subject to the evolution of the quotation of Fluidra shares, and 50% to the evolution of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary for which the beneficiary is responsible.

The maximum number of PSUs to be granted under the new plan would amount to 1,672,615, without prejudice to the inclusion of new executives to this plan with a maximum limit of 2,161,920 shares.

At 31 December 2017, this number of shares was insufficient to cover the total shares resulting from applying the degree of attainment from the metrics (3,076,819 shares).

Therefore, based on the proposal of the Appointments and Remunerations Committee, the Board of Directors decided to make cash payments for each share exceeding the maximum number of shares authorised by the General Shareholders’ Meeting, at a value of Euros 8 per share. The beneficiaries of this cash compensation were members of management who were on the Group’s payroll at the date of settlement of the plan, with the exception of the executive chairman, who would receive a distribution proportional to the shares authorised by the General Shareholders’ Meeting.

At 31 December 2018 the best estimate of the fair value of the plan’s total amount came to approximately Euros 10,755 thousand, to be settled as Euros 3,579 in equity instruments and Euros 7,176 thousand in cash. At 31 December 2018 an equity increase was recorded for the amount of Euros 1,266 thousand, which corresponds to the portion to be settled via equity instruments. The portion of the plan to be settled in cash was recorded in Salaries payable under the heading Trade and other payables for Euros 2,965 thousand.

The plan started on 1 January 2015 and ended on 31 December 2018, although effective settlement occurred in January 2019.

Certain members of Zodiac Group management held payment agreements based on shares in the company Piscine Luxembourg Holdings 1 S.à r.l. (LuxCo) signed between both parties during the first half of 2017 (the Original Plan), The merger agreements between Fluidra and LuxCo stipulated the replacement of this Original Plan with an alternative plan (the Replacement Plan) in the terms signed between Rhône Capital L.L.C. and beneficiary management staff, in order for the plan to be aligned with, and not to preclude, the objectives and schedule of the 2018-2022 Incentive Plan to be implemented by Fluidra.

The Replacement Plant grants management staff three different instruments:

- Share units in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who are currently shareholders of LuxCo and subject to the Original Plan (“Common Equity roll-over”).

- Share units in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who hold the MIV in an equivalent number of shares to the value of the MIV under the Original Plan ("MIV Interest roll-over").

- Restricted additional share units in LuxCo, convertible to shares in Fluidra, S.A. or cash at the liquidation date ("Restricted shares").

- Generally speaking, the stated instruments are subject to conditions of permanency as employees of the Company, complying with Rhône Capital L.L.C.'s financial objectives, share lock-up periods and repurchase options in the event the member of management staff leaves the company. The periods of consolidation of rights and/or lock-in periods, whichever the case, depend on the total or partial departure of Rhône Capital L.L.C. from Fluidra, S.A. in line with the different tranches contained in the three aforementioned instruments of the plan. In all cases the commitments are payable entirely in Fluidra, S.A. shares or cash.

In accordance with IFRS 3, the change of plan in these circumstances should be analysed in order to determine to what extent the impact should be counted as services performed before the transaction, after it, or a combination of both. The services counted prior to the transaction were included in the price paid, whilst services counted after the transaction date are taken to the income statement as long-term salaries throughout the remaining period until the right accrues. In this case, although it impacts on the income statement by way of services rendered by management staff who are beneficiaries of the plan, Fluidra, S.A. is not required to settle the Replacement Plan since Rhône Capital L.L.C. is obliged to pay for the plan.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand. At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 4,150 thousand, net of the tax effect (Euros 1,218 thousand at 31 December 2018).

Furthermore, on 27 June 2018 the General Meeting of Shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group. This plan includes the delivery of Fluidra, S.A., shares, taking place following the merger.

The 2018-2022 plan entails the concession of a certain number of PSUs (point of sale units) which will be taken as a reference to determine the final number of shares to be delivered to the beneficiaries after a certain period of time, provided that certain strategic objectives of the Fluidra Group are met and the requirements set forth in the Regulations are fulfilled.

The specific number of shares in Fluidra, S.A. in terms of the PSUs on concession and attached to the compliance of the financial targets, will be established based on the following metrics:

a) The evolution of Fluidra, S.A.'s Total Shareholder Return (TSR) in absolute terms.
b) The evolution of the Fluidra Group's EBITDA.

For the purposes of measuring the evolution of the TSR, the initial value taken shall be the price per share in Fluidra, S.A. that was used to calculate the exchange equation resulting from the merger between the Fluidra and Zodiac Groups, i.e. Euros 8. The target EBITDA is the amount resulting from the approved Fluidra, S.A. strategic plan.

The 2018-2022 plan covers the years from 1 January 2018 to 31 December 2021 and there is, therefore, an additional period of one year up to 31 December 2022 during which the beneficiaries will remain on the plan.

The maximum number of shares to be distributed under the 2018-2022 plan is 5,737,979 shares.

At 31 December 2019 the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand, which will be settled in full in equity instruments. At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 7,300 thousand (Euros 2,092 thousand at 31 December 2018).

c) Transactions performed by the Directors of the Parent Company outside of its ordinary course of business or other than on an arm's length basis

During the twelve-month period ended 31 December 2019 and 2018 the Directors of the Parent Company have not carried out any transactions with the Company or with group companies other than those conducted on an arm’s length basis in the normal course of business.

d) Situations representing a conflict of interest for the Directors of the Parent Company.

Neither the Company's directors nor any persons related to them were party to any conflicts of interest requiring disclosure in these notes pursuant to the provisions of article 229 of the consolidated text of the Corporate Enterprises Act.

24. Other commitments and contingencies

At 31 December 2019 and 2018 the Group has not presented any mortgage guarantees.

At 31 December 2019, the Group has guarantees with financial institutions and other companies amounting to Euros 7,799 thousand (Euros 6,105 thousand in 2018).

(Expressed in thousands of euros)

25. EBITDA

The consolidated income statement shows the amount corresponding to EBITDA, whose definition for the purpose of these financial statements is as follows:

Sales of goods and finished products + Income from services rendered + Work performed by the Group for its own non-current assets + Profit from sales of fixed assets – Change in inventories of finished products and work in progress and raw material supplies – Personnel expenses – Other operating expenses + Share in profit/(loss) for the year from associates accounted for using the equity method.

Calculation of EBITDA for 2019 and 2018	Thousands of euros	
	12.31.2019	12.31.2018
Sales of goods and finished products	1,367,550	1,029,641
Income from services rendered	24,928	18,184
Work performed by the Group and capitalised as non-current assets	14,157	7,854
Profit/(loss) from sales of fixed assets	(1,364)	406
Change in inventories of finished products and work in progress and raw material supplies	(666,022)	(538,250)
Personnel expenses	(277,872)	(222,952)
Other operating expenses	(256,089)	(229,585)
Share in profit/(loss) for the year from associates accounted for using the equity method	-	64
EBITDA	205,288	65,362

26. Subsequent events

On 28 January 2020, Fluidra completed the long-term debt refinancing of its loans with an initial start date of 2 July 2018, resulting in the partial voluntary repayment of Euros 90 million in the Euros tranche and US Dollars 66.5 million in the USD tranche. As a result of this refinancing, the economic terms of the reference interest rates have improved to Euribor plus 200 basis points for the loan tranche in Euro and Libor plus 200 basis points for the loan tranche in USD, resulting in a decrease of 75 and 25 basis points, respectively. The margin applicable to the reference interest rates for the revolving credit facility will fall between 150 and 200 basis points, with a reduction of 50 basis points compared to the margin previously applied, which was between 200 and 250 basis points.

Fluidra Group Australia Pty Ltd., a wholly-owned subsidiary, owned indirectly by Fluidra, acquired 80% of the share capital of the Australian company Fabtronics Australia Pty Ltd. on 14 February 2020.

Fabtronics has its registered address in Melbourne and is considered one of the leading companies in the Australian market for the design of electronic parts for pool equipment, with a particular emphasis on research and development in this industry. Fabtronics' sales figure in the year ended 30 June 2019 amounts to approximately 18 million Australian Dollars with EBITDA in the aforementioned period of approximately 6 million Australian Dollars.

The signed agreement values 100% of Fabtronics at 18.75 million Australian Dollars, excluding future earnouts. The purchase price of 80% of share capital will be paid as follows: an initial payment made on 14 February 2020 for 15 million Australian Dollars; furthermore, additional earnouts have been agreed linked to Fabtronics' results over the coming three years.

The purchase and sale agreement signed also includes cross-selling options that will enable Fluidra's investment to be increased to up to 100% of Fabtronic's share capital.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

In accordance with article 12 of Royal Decree 1362/2007, on 27 February 2020 the Board of Directors of Fluidra, S.A. approved for issue the interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the interim condensed consolidated statements of financial position, the interim condensed consolidated income statements, the interim condensed consolidated statements of comprehensive income, the interim condensed consolidated statements of changes in equity, the interim condensed consolidated cash flow statements and the notes to the interim condensed consolidated financial statements) for the twelve-month periods ended 31 December 2019 and 2018. In witness whereof, they are hereby signed on this sheet, by all the members of the Board of Directors, as well as by the secretary of the Board, Mr. Albert Collado Armengol, on each of the sheets comprising the aforementioned documents for identification purposes.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

Piumoc Inversions, S.L.U.
Mr. Bernat Garrigós Castro

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sebastien Simon Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Subsidiaries, accounted for using the full consolidation method

- Agrisilos, S.R.L., domiciled in Vescovato (Italy), is mainly engaged in the production, processing, assembly and marketing of plastic products and other materials for use in agricultural and industrial settings, swimming pools, swimming pool equipment and supplies, water treatment products, robotic cleaning devices and membranes for projects in the gas industry and, in general, products and accessories, spare parts, expandable structures and products relating to the wellness market, including maintenance, repair, management and other services relating to the abovementioned activities.

- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.

- Aqua Products Inc. domiciled in New Jersey (USA), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.

- Astral Aquadesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.

- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Praha-Vychod (Czech Republic), is mainly engaged in the marketing of pool accessories.

- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.

- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.

- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (HongKong), is mainly engaged in the marketing of pool-related accessories.

- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.

- Astralpool UK Limited., domiciled in Hants (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.

- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.

- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.

- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.

- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.

- Fluidra Assistance, S.A.S., domiciled in Perpignan (France), is mainly engaged in the installation, assembly and implementation of all products and materials relating to pools and water treatment and the provision of post-sales services and the maintenance and installation of these products and materials.

- Fluidra Australia PTY LTD, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. This company is the parent of the Australia Group and fully owns Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, (dormant), in addition to Astral Pool Australia Pty Ltd.

- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Belgique, S.R.L., domiciled in Carcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in the wholesale selling of swimming pool products.

- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Itajaí (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.

- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.

- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.

- Fluidra Comercial España, S.A.U., (merged with Zodiac Pool Iberica, S.L.) domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification. This company is the parent of the F.C.España group, and holds a 67.5% interest in the company Tecnical Pool Service, S.L.

- Fluidra Comercial Portugal Unipessoal, Lda. (merged with Zodiac Pool Care Portugal Unipessoal, LDA) domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commerciale Italia, S.P.A. (merged with Zodiac Pool Systems Italia SRL), domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commercial, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Danmark A/S, domiciled in Roedekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.

- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.

- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.

- Fluidra Finco, S.L.U., domiciled in Sabadell (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of products for swimming-pools, irrigation and water treatment and purification, as well as the marketing of such products both in the domestic market and abroad, and the representation of brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.. The company is also engaged in investing in all types of business and enterprises, and advising, managing and administering the companies in which it holds an ownership interest

- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution to group companies.

- Fluidra Group Australia Pty Ltd (previously Zodiac Group Australia PTY, LTD), domiciled in Smithfield (Australia), is mainly engaged in the manufacture, distribution and sale of pool materials by several Group brands.

- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.

- Fluidra Holdings Australia Pty Ltd (previously Zodiac Pool Solutions LTY, LTD), domiciled in Smithfield (Australia) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Holdings South Africa Pty Ltd, domiciled in Johannesburg (South Africa) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra India Private Limited, domiciled in Chennai (India), is mainly engaged in the marketing of pool material.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Indonesia PT, domiciled in Jakarta (Indonesia) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

- Fluidra Industry España, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Industry France, S.A.R.L., domiciled in Perpignan (France), is engaged in the manufacture of automatic pool covers.

- Fluidra Industry, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra JV Youli, S.L.U. domiciled in Sabadell (Barcelona, Spain), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.

- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.

- Fluidra Latam Export LLC, domiciled in Wilmington (US), is mainly engaged in distributing pool materials in the Latin American market.

- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.

- Fluidra Malaysia SDN.BHD, domiciled in Johor (Malaysia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Maroc, S.A.R.L., domiciled in Casablanca (Morocco), is engaged in the import, export, manufacture, marketing, sale and distribution of spare parts for swimming-pools, irrigation and water treatment.

- Fluidra México, S.A. DE CV, domiciled in Mexico City (Mexico) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

- Fluidra Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.

- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra (N.Z.) Limited (previously Zodiac Group (N.Z.) Limited, domiciled in North Shore City (New Zealand), is mainly engaged in the distribution and sale of pool material.

- Fluidra Nordic AB, domiciled in Mölndal (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

- Fluidra Österreich GmbH “SSA”, domiciled in Salzburg (Austria) is mainly engaged in the marketing of swimming-pool products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Polska, SP. Z.O.O., domiciled in Wroclaw (Poland) is mainly engaged in the marketing of pool accessories.

- Fluidra Projects USA Inc. domiciled in Wilmington (USA), is engaged in the management, advice and performance of sports, leisure and health centre projects and works, through its own technical, personnel and organizational means or through third-party subcontracting.

- Fluidra Romania S.A., domiciled in Bucharest (Romania) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra Serbica, D.O.O. Beograd, domiciled in Belgrade (Serbia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Services España, S.L.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services and real estate activity.

- Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.

- Fluidra South Africa (Pty), Ltd, domiciled in Johannesburg (South Africa), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.

- Fluidra Switzerland, S.A., domiciled in Bedano (Switzerland) is mainly engaged in the marketing of pool material.

- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.

- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Kartal (Turkey), is engaged in the import of equipment, chemical products and other secondary materials necessary for swimming-pools, and their subsequent distribution.

- Fluidra Tunisie, S.A.R.L., domiciled in El Manar (Tunisia), is mainly engaged in the performance of surveys and providing marketing advisory services.

- Fluidra USA, INC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.

- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.

- Fluidra Waterlinx Pty, Ltd, domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories. This company is the parent of the Waterlinx Group, and fully owns Waterlinx Industrial and Irrigation Pty Ltd.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- I.D. Electroquímica, S.L., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and electrochemical reactors.

- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.

- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.

- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.

- La Tienda Swimming Pool Maintenance LLC, domiciled in Dubai (Dubai), is mainly engaged in the maintenance, installation and sale of pools.

- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.

- Loitech (Ningbo) Heating Equipment Co, Ltd, domiciled in Zhenhai (China), is engaged in the production and installation of heat pumps for swimming-pools, as well as other accessories necessary for assembly.

- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.

- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.

- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.

- Ningbo Dongchuan Swimming Pool Equipements Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminium products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.

- Ningbo Linya Swimming Pool & Water Treatment Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.

- Piscine Luxembourg Holdings 3, S.A.R.L. (merged with Zodiac Pool Solutions, S.A.R.L.), domiciled in Luxembourg (Luxembourg) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Piscines Techniques 2000, S.A.S., domiciled in Perpignan (France), is engaged in the sale of spare parts for swimming-pools; the purchase and sale of swimming-pool equipment and used water systems; the sale, distribution, marketing, repair and maintenance of swimming-pool equipment, gardening, irrigation and water treatment; and technical advice to swimming-pool and water professionals.

- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Poolweb, SAS, domiciled in Lyon (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.

- Price Chemicals PTY LTD, domiciled in Melbourne (Australia) is engaged in the production and distribution of chemical products for swimming-pools and spas. It imports and locally produces its own brands of renowned chemical products in both the residential and commercial markets.

- Productes Elastomers, S.A., domiciled in Sant Joan Les Fonts (Girona, Spain), is engaged in the manufacture of rubber molded parts, as well as all types of natural and synthetic rubber; the execution and development of techniques for the maintenance of pressure rollers; their repair and trueing; and in general, the production, manufacture and processing of all types of rubber and plastic products.

- Riiot Labs NV/SA, domiciled in Seraing (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.

- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.

- SET Energietechnick GMBH, domiciled in Hemmingen (Germany), is mainly engaged in the distribution and sale of dehumidifiers and fans.

- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.

- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria, Spain), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.

- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.

- Trace Logistics, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading duties and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.

- Turcat Polyester Sanayi Ve Ticaret A.S., domiciled in Istanbul (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.

- Unistral Recambios, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in the manufacture, purchase and sale and distribution of machinery, accessories, spare parts, parts and products for water treatment and purification in general.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- U.S. Pool Holdings, Inc, domiciled in Delaware (USA), is engaged in the holding and use of equity shares and securities.

- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.

- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd,. domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.

- Zodiac International, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Care Europe, S.A.S., domiciled in Bron (France), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Care South Africa (Propietary) Limited, domiciled in Centurion (South Africa), is engaged in the manufacture, distribution and sale of pool equipment and products and chemical specialties.

- Zodiac Pool Deutschland GMBH., domiciled in Brobostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Solutions, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Systems Canada, INC, domiciled in Vancouver (Canada), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.

- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.

- ZPES Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- ZPNA Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

Associates consolidated using the equity method

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.

- OCM Products Limited, domiciled in Wigan (England), is mainly engaged in the production and marketing of swimming-pool filtering products in both the residential and commercial markets.

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2019

List of subsidiaries accounted for using the full consolidation method

	% Ownership interest		
	Direct	Indirect	
FLUIRA FINCO, S.L.	**100%**		
FLUIDRA COMMERCIAL, S.A.U.		**100%**	
AO ASTRAL SNG		90%	
ASTRAL AQUADESIGN Limited Liability Company		58.50%	(4)
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%	
ASTRAL INDIA PRIVATE, LIMITED		100%	
FLUIDRA INDIA PRIVATE LIMITED		100%	
ASTRALPOOL CYPRUS, LTD		90%	
ASTRALPOOL HONGKONG, CO., LIMITED		100%	
FLUIDRA SWITZERLAND, S.A.		100%	
ASTRALPOOL UK LIMITED		100%	
CEPEX MEXICO, S.A. DE C.V.		100%	
CERTIKIN INTERNATIONAL, LIMITED		100%	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED		100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	
FLUIDRA ADRIATIC D.O.O.		100%	
FLUIDRA BALKANS JSC		61.16%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA		100%	
VEICO. COM. BR INDÚSTRIA E COMÉRCIO LTDA		100%	
FLUIDRA CHILE, S.A.		100%	
FLUIDRA COLOMBIA, S.A.S		100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%	(2) / Merged with Zodiac Pool Ibérica, S.L.
FLUIDRA DANMARK A/S		100%	
FLUIDRA DEUTSCHLAND GmbH		100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%	
W.I.T. EGYPT, Egyptian Limited Liability Company		89.99%	
FLUIDRA ENGINEERING SERVICES, S.L.U.		100%	
FLUIDRA EXPORT, S.A.U.		100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100%	
FLUIDRA HELLAS, S.A.		86.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100%	
ZODIAC POOL CARE SOUTH AFRICA (PROPIETARY) LIMITED		100%	
FLUIDRA WATERLINX PTY, LTD		100%	(2)
FLUIDRA INDONESIA PT.		100%	
FLUIDRA JV YOULI, S.L.U.		100%	
FLUIDRA KAZAKHSTAN Limited Liability Company		51%	
FLUIDRA MAGYARORSZÁG Kft.		95%	
FLUIDRA MALAYSIA SDN.BHD.		100%	
FLUIDRA MAROC, S.A.R.L.		90%	
FLUIDRA MEXICO, S.A. DE C.V.		100%	
FLUIDRA MIDDLE EAST FZE		100%	
FLUIDRA AL URDOUN FZ		70%	
LA TIENDA SWIMMING POOL MAINTENANCE LLC		80%	
FLUIDRA MONTENEGRO DOO		60%	
FLUIDRA ÖSTERREICH Gmbh "SSA"		98.5%	
FLUIDRA POLSKA, SP. Z.O.O.		100%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2019

FLUIDRA COMERCIAL PORTUGAL UNIPESSOAL, LDA.	100%	Merged with Zodiac Pool Care Portugal Unipessoal, LDA
FLUIDRA ROMANIA S.A.	66.66%	
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%	
FLUIDRA SERVICES ITALIA, S.R.L.	100%	
FLUIDRA COMMERCIALE ITALIA, S.P.A.	100%	Merged with Zodiac Pool Systems Italia, S.R.L.
AGRISILOS, S.R.L.	90%	(3) - 100%
LAGHETTO FRANCE, S.R.L.	90%	(3) - 100%
FLUIDRA SINGAPORE, PTE LTD	100%	
FLUIDRA SOUTH AFRICA (PTY) LTD	100%	
FLUIDRA NORDIC AB	100%	
FLUIDRA (THAILAND) CO, LTD	100%	
ASTRALPOOL (THAILAND) CO., LTD	99%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	25.50%	
FLUIDRA VIETNAM LTD	100%	
RIIOT LABS NV/SA	90%	(3) - 100%
SIBO FLUIDRA NETHERLANDS B.V.	70%	(3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%	
ZODIAC POOL DEUTSCHLAND GMBH	100%	
SET ENERCIETECHNICK GMBH	100%	
FLUIDRA HOLDINGS AUSTRALIA PTY LTD	100%	Previously Zodiac Pool Solutions Pty Ltd
FLUIDRA GROUP AUSTRALIA PTY LTD	100%	Previously Zodiac Group Australia Pty Ltd
FLUIDRA (N.Z.) LIMITED	100%	Previously Zodiac Group (N.Z.) Limited
FLUIDRA AUSTRALIA PTY LTD	100%	(2)
PRICE CHEMICALS PTY LTD	100%	
FLUIDRA TUNISIE, SARL	100%	
FLUIDRA BH D.O.O. BIJELJINA	60%	(4)
UNISTRAL RECAMBIOS, S.A.U.	100%	
FLUIDRA INDUSTRY ESPAÑA, S.A.U.	100%	
CEPEX S.A.U.	100%	
METALAST, S.A.U.	100%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD	100%	
POLTANK, S.A.U.	100%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	50%	
SACOPA, S.A.U.	100%	
I.D. ELECTROQUÍMICA, S.L.	21.18%	
FLUIDRA INDUSTRY S.A.U.	**100%**	
I.D. ELECTROQUÍMICA, S.L.	78.82%	
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%	
INQUIDE, S.A.U.	100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO., Ltd	100%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD	70%	
PRODUCTES ELASTOMERS, S.A.	70%	
TALLERES DEL AGUA, S.L.U.	100%	
TOGAMA, S.A.U.	100%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2019

U.S. POOL HOLDINGS, INC	100%	
AQUA PRODUCTS INC	100%	
FLUIDRA USA, INC	100%	
FLUIDRA PROJECTS USA INC	100%	
MANUFACTURAS GRE, S.A.U.	**100%**	
ME 2000, S.R.L.	100%	
TRACE LOGISTICS, S.A.U.	**100%**	
FLUIDRA SERVICES ESPAÑA, S.L.U.	**100%**	
INNODRIP, S.L.U	**100%**	
PISCINE LUXEMBOURG HOLDINGS 3, S.A.R.L.	**100%**	Merged with Zodiac Pool Solutions, S.A.R.L.
ZPNA HOLDINGS SAS	100%	
ZODIAC POOL SOLUTIONS LLC	100%	
ZODIAC POOL SYSTEMS CANADA INC	100%	
ZODIAC POOL SYSTEMS LLC	100%	
COVER POOLS INCORPORATED	100%	
FLUIDRA LATAM EXPORT LLC	100%	(4)
ZPES HOLDINGS SAS	84.85%	
ZODIAC POOL SOLUTIONS SAS	84.85%	
ZODIAC POOL CARE EUROPE SAS	84.85%	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD	84.85%	
ZODIAC INTERNATIONAL SAS	84.85%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	84.85%	
FLUIDRA ASSISTANCE, S.A.S.	84.85%	
FLUIDRA BELGIQUE, S.R.L.	84.85%	
POOLWEB S.A.S.	84.85%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	84.85%	
PISCINES TECHNIQUES 2000, S.A.S.	84.85%	
FLUIDRA SERVICES FRANCE, S.A.S.	**100%**	
ZPES HOLDINGS SAS	15.15%	
FLUIDRA COMMERCIAL FRANCE, S.A	15.15%	
FLUIDRA ASSISTANCE, S.A.S.	15.15%	
FLUIDRA BELGIQUE, S.R.L.	15.15%	
POOLWEB S.A.S.	15.15%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	15.15%	
PISCINES TECHNIQUES 2000, S.A.S.	15.15%	
ZODIAC POOL SOLUTIONS SAS	15.15%	
ZODIAC POOL CARE EUROPE SAS	15.15%	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD	15.15%	
ZODIAC INTERNATIONAL SAS	15.15%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2019

List of associates consolidated using the equity method

ASTRAL NIGERIA, LTD.	25%	(1)
OCM PRODUCTS LIMITED	50%	(1)

List of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11%	(1)

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the share capital of Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, and Hendy Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent fully owns the share capital of Ideal Pool Innovations, S.L.U. and holds an ownership interest of 67.5% in the company Tecnical Pool Service, S.L. Fluidra Waterlinx Pty Ltd is a group of companies in which the parent fully owns the share capital of Waterlinx Industrial And Irrigation Pty Ltd.

(3) Companies that have been fully integrated in the interim consolidated financial statements and the book value of their non-controlling interest has no longer been recognised.

(4) Newly-incorporated companies during the twelve-month period ended 31 December 2019.

(5) In the twelve-month period ended 31 December 2019, Aquatron Robotic Technology LTD and Puralia Systems, S.L.U. were sold.

(6) In the twelve-month period ended 31 December 2019, Astralpool México, S.A. de C.V. and Fluidra Youli Fluid Systems (Wenzhou) Co. Ltd. were wound up.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the twelve-month period ended 31 December 2019
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	12.31.2019	12.31.2019	12.31.2019	12.31.2019	12.31.2019	12.31.2019
Sales to third parties	892,401	404,062	70,995	92	-	1,367,550
Sales to third parties in USA	6,897	379,371	7,552	-	-	393,820
Sales to third parties in Spain	142,984	3	30,418	-	-	173,405
Sales to third parties in France	166.605	-	5,266	-	-	171.871
Inter-segment sales	71,367	21,601	370,441	-	(463,409)	-
Segment sales of goods and finished products	963,768	425,663	441,436	92	(463,409)	1,367,550
COGS	(625,772)	(218,343)	(284,777)	-	462,870	(666,022)
Gross profit	337,996	207,320	156,659	92	(539)	701,528
OPEX	(222,453)	(133,028)	(90,920)	336,956	(382,571)	(492,016)
Adjustments due to impairment of trade receivables	(3,593)	106	(107)	(114)	(516)	(4,224)
Amortization and depreciation expenses and impairment losses	(26,582)	(16,870)	(15,203)	(46,352)	(24,755)	(129,762)
Operating profit/(loss) from reporting segments	85,368	57,528	50,429	290,582	(408,381)	75,526
Share in profit/(loss) of associates	-	-	-	-	-	-
EBITDA	111,950	74,398	65,632	336,934	(383,626)	205,288

OPEX = Personnel expense + Other operating costs – Income from the rendering of services – Work performed by the Group and capitalised as non-current assets – Profit/(loss) from sales of fixed assets – Adjustments due to impairment of receivables.

COGS = Changes in inventories of finished goods and work in progress and raw material supplies.

This appendix is an integral part of Note 4 to the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month periods ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the twelve-month period ended 31 December 2018
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
Sales to third parties	763,833	190,620	75,004	184	-	1,029,641
Sales to third parties in USA	5,931	184,026	13,158	-	-	203,115
Sales to third parties in Spain	131,321	-	27,599	-	-	158,920
Sales to third parties in France	125,071	-	4,637	-	-	129,708
Inter-segment sales	40,266	5,597	326,759	-	(372,622)	-
Segment sales of goods and finished products	804,099	196,217	401,763	184	(372,622)	1,029,641
COGS	(528,540)	(94,192)	(257,017)	-	341,499	(538,250)
Gross profit	275,559	102,025	144,746	184	(31,123)	491,391
OPEX	(206,420)	(67,444)	(93,528)	(77,521)	22,156	(422,757)
Adjustments due to impairment of receivables	(2,816)	(208)	19	(85)	(246)	(3,336)
Amortization and depreciation expenses and impairment losses	(10,270)	(5,921)	(11,698)	(7,480)	(31,358)	(66,727)
Operating profit/(loss) from reporting segments	56,053	28,452	39,539	(84,902)	(40,571)	(1,429)
Share in profit/(loss) of associates	-	-	-	-	64	64
EBITDA	92,682	36,498	58,547	(59,828)	(62,537)	65,362

OPEX = Personnel expense + Other operating costs – Income from the rendering of services – Work performed by the Group and capitalised as non-current assets – Profit/(loss) from sales of fixed assets – Adjustments due to impairment of receivables.
COGS = Changes in inventories of finished goods and work in progress and raw material supplies.

This appendix is an integral part of Note 4 to the Condensed Consolidated Interim Financial Statements of Fluidra, S.A. and Subsidiaries for the twelve-month periods ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the twelve-month period ended 31 December 2019
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments and Eliminations	Total consolidated figures
	12.31.2019	12.31.2019	12.31.2019	12.31.2019	12.31.2019	12.31.2019
NON-CURRENT ASSETS						
Property, plant, and equipment	32,417	21,464	53,855	10,651	1,589	119,976
Property, plant and equipment in Spain	5,363	-	50,919	10,458	-	66,740
NWC	196,206	78,100	52,930	(16,166)	(28,418)	282,652
Inventories	132,290	58,370	88,963	-	(20,152)	259,471
Trade and other receivables	152,520	132,434	15,631	16,950	(2,790)	314,745
Trade and other payables	88,604	112,704	51,664	33,116	5,476	291,563

NWC = Inventories + Trade and other receivables – Trade and other payables.

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the twelve-month period ended 31 December 2018
(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments and Eliminations	Total consolidated figures
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
NON-CURRENT ASSETS						
Property, plant, and equipment	34,328	15,672	54,030	11,431	761	116,222
Property, plant and equipment in Spain	5,455	-	51,444	10,779	-	67,678
NWC	187,037	79,354	62,464	13,258	(24,449)	317,664
Inventories	131,282	55,094	86,554	-	(19,600)	253,330
Trade and other receivables	148,043	116,941	16,848	33,112	(2,874)	312,070
Trade and other payables	92,288	92,681	40,938	19,854	1,975	247,736

NWC = Inventories + Trade and other receivables – Trade and other payables.

Fluidra, S.A. and Subsidiaries

Interim Consolidated Directors' Report
31 December 2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

General business outlook

The Fluidra Group's turnover at the 2019 reporting date amounts to Euros 1,367.6 million, which reflects a 32.8% increase in comparison with the prior year (+31.5% at a constant exchange rate).

In comparison with last year, all figures have been affected by the merger with the Zodiac Group and all headings in the income statement include the impact of this acquisition from 2 July 2018, as well as the expenses arising from the cost synergies linked to this merger. From the second half of the year onwards, turnover and profit/(loss) are comparable. In the first six months of the year, Fluidra posted turnover of Euros 753.2 million, reflecting a 67.3% rise compared to the prior year. In the second half of the year, Fluidra posted turnover of Euros 614.3 million, reflecting a 6% rise compared to the prior year.

In terms of sales by geographical area, growth in the US market is noteworthy with turnover increasing from Euros 203.1 million to Euros 393.8 million in 2019 due to the effect of the Zodiac Group's integration. The French market has also been affected by this acquisition, with turnover increasing from Euros 129.7 million to Euros 176.1 million. The Spanish market represents 12.7% of all the Group's sales, behind France (12.9%) and the US market (28.8%).

The evolution of turnover per business unit highlights the strong performance of the Pool&Wellness segment (+34.1%) driven by positive performance on almost all markets and the acquisition of Zodiac. Within the Pool&Wellness segment, there is solid growth in both Residential Pools (+43.4%) and Pool Water Treatment (+26.1%), where the presence of the Zodiac Group was smaller. The commercial pools segment shows growth of 4.4%, offset by strong growth in the first half of the year.

EBITDA was up by Euros 140 million, increasing from Euros 65.4 million last year to Euros 205.3 million this year.

The gross margin (defined as the difference between sales of goods and finished products less changes in inventories of finished goods and work in progress and raw material supplies divided by sales of goods and finished products) has increased from 47.7% last year to 51.3% this year. Last year's gross margin was affected by the inventory revaluation resulting from the allocation of Zodiac's purchase price. Without this effect, the gross margin would have increased to 50.8%.

Net operating expenses (sum of personnel expenses, other operating expenses net of income from services rendered, work performed by the Group and capitalised as non-current assets, profits from the sale of fixed assets and before changes in trading provisions) have increased by 16.4% as a result of the merger with the Zodiac Group and the expenses linked to obtaining synergies. The effect of IFRS 16 is also of note, with a positive impact in this heading in 2019 of Euros 24.6 million. If this latest effect is isolated, the increase in net operating expenses would have been 22.2%, far below the increase in sales.

Trading provisions have increased by Euros 0.8 million due to the integration of the Zodiac Group and increased turnover. This provision is 0.3% of sales, in line with last year, and a result of applying IFRS 9, assessing expected credit losses on a prospective basis.

In the Depreciation and amortization expenses and Impairment losses line, the increase of Euros 63.0 million as a result mainly of the amortization of intangible assets with finite useful lives identified in the allocation of the purchase price of the business combination with Zodiac, which total Euros 30.1 million in the first half of the year, is notable (Euros 60.8 million if we take the whole year into consideration). In addition, the new IFRS 16 standard has had an impact of Euros 22.5 million in 2019.

The finance cost has increased from Euros -27.6 million in 2018 to Euros -55.4 million in 2019 due to the increase in debt driven by the acquisition of the Zodiac Group in the second half of 2018 and the effect of the new IFRS 16 standard in 2019 with an impact of Euros 4.9 million.

Net profit/(loss) attributed to the Parent increases from losses of Euros 33.9 million last year to profit of Euros 8.3 million, due to the incorporation of the Zodiac business in the second half of 2018 and the increase in net operating expenses below sales. These positive effects are offset by the increase in depreciation and amortisation expenses and impairment losses on intangible assets with finite useful lives deriving from the business combination, and also the increase in debt arising from the acquisition of Zodiac in the second half of 2018.

In terms of the Group's consolidated balance sheet, it is important to note that all the figures are comparable. At the reporting date, net working capital has decreased by Euros 35 million, caused mainly by the increase in trade and other payables.

Investment in property, plant and equipment and other intangible assets has increased by Euros 9 million to Euros 47.6 million in 2019, as a full year has now passed since the integration of the Zodiac Group companies.

The new IFRS 16 standard has been applied for the first time this year with an impact of Euros 112.7 million on assets at the 2019 reporting date. Lease additions in the year total Euros 35.3 million, relating to a new plant in Tijuana, offices in Australia and the renegotiating of certain contracts.

Net financial debt has decreased from Euros 733.9 million (without taking into account Aquatron's cash surplus) to Euros 635.0 million, due to high cash generation during the year. It is also important to note the increase in liabilities amounting to Euros 121.8 million due to application of the new IFRS 16 standard.